Dutch Star Companies Two B.V. Cabka Group GmbH

This shareholder circular (the **Shareholder Circular**) has been prepared in connection with the proposed business combination (the **Business Combination**) between (i) Dutch Star Companies Two B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) (**DSC2**) and (ii) Cabka Group GmbH, a German private limited liability company (*Gesellschaft mit beschränkter Haftung*) (**Cabka** or the **Company**).

On 22 December 2021, DSC2, Cabka and RAM.ON finance GmbH (**RAM.ON Finance**), Cabka's majority shareholder, signed a business combination agreement (the **BCA**), including the terms and provisions in relation to the Business Combination. The key terms of the Business Combination are as follows:

1. an acquisition by DSC2 of 100% of the outstanding shares in the capital of Cabka from respectively (i) RAM.ON Finance pursuant to the BCA and (ii) DIH Finanz und Consult GmbH, Fabrice International B.V., Gifar N.V. and Davhold B.V. (the **Minority Shareholders**) pursuant to separate share purchase and assignment agreements entered into between DSC2 and the Minority Shareholders dated 26 November 2021 (the **Irrevocable Agreements**);

2. an equity value of Cabka of EUR 175 million on a pre-transaction equity value basis (the **Equity Value**) as at 1 October 2021 (the **Effective Date**);

3. a consideration consisting of (i) EUR 63.28 million in cash to the Minority Shareholders and (ii) 11,172,000 ordinary shares of DSC2, of which 5,000,000 will be newly issued and 6,172,000 will be existing shares currently held in treasury, in exchange for RAM.ON Finance's shares in Cabka to RAM.ON Finance;

4. pursuant to the BCA, completion of the Business Combination (**Completion**) is subject to the following conditions precedent, whereby the conditions under (a) up to and including (d) are for the benefit of both DSC2 and RAM.ON Finance, and the conditions under (e) up to and including (g) are for the benefit of, and can solely be invoked by DSC2:

   a. the extraordinary general meeting of shareholders to which the board of DCS2 will submit the proposed Business Combination for approval by the shareholder of the Ordinary Shares (**BC-EGM**) having approved in the Business Combination and other related resolutions proposed at the BC-EGM, with at least 70% of the votes cast, and the redemption obligations of DSC2 as set forth in DSC2's prospectus dated 16 November 2020 not exceeding 30% of DSC2's initial offering proceeds of EUR 110,000,040;

   b. the relevant Cabka Group Companies having obtained the relevant financing consents;

   c. the Irrevocable Agreements being in full force and effect, and the Minority Shareholders not being in breach of their obligations thereunder;

   d. no governmental entity having jurisdiction over any party to the BCA having issued any order, decree, ruling, injunction or other action restraining, enjoining or otherwise prohibiting the consummation of the contemplated transaction, and no law or regulations have been adopted that makes the consummation of the contemplated transaction illegal or otherwise prohibited;

   e. certain fundamental warranties provided by RAM.ON Finance being true and accurate at the date of Completion and DSC2 having received a certificate signed on behalf of RAM.ON Finance that this condition has been satisfied;

   f. certain business warranties being true and accurate at the date of Completion, as if made at such date, except for such violations, breaches or defaults that would not reasonably be expected to result in material adverse effect, with respect to the Cabka and its group companies, and DSC2 having received a certificate signed on behalf of RAM.ON Finance that this condition has been satisfied; and

   g. certain shareholder loans between Cabka and (affiliates of) RAM.ON Finance, and Mr Gat Ramon, respectively, having been repaid in full, and DSC2 having received a certificate signed on behalf of Cabka and the Majority Shareholder, certifying that this condition has been satisfied.

   On the date of this Shareholder Circular, the parties to the BCA are working to satisfy each of the conditions precedent included above (to the extent not yet satisfied already), in accordance with the allocation of responsibilities as set out in the BCA.

5. the BCA contains customary leakage provisions, representations & warranties and (interim) covenants of RAM.ON Finance;

6. the envisaged timeline is as follows:

    a. 10 January 2022 – Publication of Shareholder Circular, including announcement of the BC-EGM agenda and explanatory notes to the agenda and the new articles of association of the Combined Company;

    b. 31 January 2022 – Record date for BC-EGM;

    c. 21 February 2022 – Last day to register for EGM;

    d. 22 February 2022 – Last day to opt-in for Dissenting Shareholder Arrangement;

    e. 28 February 2022 – BC-EGM;

    f. 1 March 2022 – Expected first day of listing the Combined Company;

    g. 2 March 2022 – Last day to transfer shares to ABN AMRO under Dissenting Shareholder Arrangement;

    h. 3 March 2022 – Record Date allotment BC Warrants;

7. upon Completion, DSC2 will be converted into a public company (*naamloze vennoots*chap) and be named "Cabka N.V." and the Combined Company will trade publicly on Euronext Amsterdam under a new ticker symbol: "CABKA"; and

8. the BCA is governed by and construed in accordance with the laws of the Netherlands, and any dispute arising out of or in connection with the BCA will be finally settled by arbitration in accordance with the rules of the Netherlands Arbitration Institute (*Nederlands Arbitrage Instituut*).

The investor presentation dated 14 December 2021 and this Shareholder Circular are available in electronic form on DSC2's website (https://www.dutchstarcompanies.com/dutch-star-companies-two/).

Cabka's business is subject to risks. See section "*Risk Factors*" for a description of the risk factors that should be carefully considered

The distribution of this Shareholder Circular in certain jurisdictions may be restricted by applicable law and regulation and therefore persons into whose possession this Shareholder Circular comes should inform themselves and observe any restrictions. DSC2, Cabka, their advisors and their respective affiliates are not taking any action to permit a public offering of any securities in any jurisdiction. The securities of DSC2, Cabka and the Combined Company have not been, and will not be registered, under the US Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold within the United States unless such securities are registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. There will be no public offer of securities of DSC2, Cabka and/or the Combined Company in the United States.

This Shareholder Circular is dated 10 January 2022

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BUSINESS COMBINATION

This section provides an overview of the material terms and conditions of the proposed Business Combination. The information set out herein should be read in conjunction with the rest of this Shareholder Circular. Prospective investors should carefully read and review the entire Shareholder Circular and should form their own views before making a decision with respect to the proposed Business Combination. Furthermore, before making a decision with respect to the proposed Business Combination, investors should consult their own professional adviser and carefully review the risks associated with an investment in the Combined Company and consider such decision in light of their personal circumstances.

Transaction, Structure and Valuation

Dutch Star Companies Two B.V. (**DSC2**), Cabka Group GmbH (**Cabka**) and RAM.ON finance GmbH (**RAM.ON Finance**), Cabka's majority shareholder, and DIH Finanz und Consult GmbH, Fabrice International B.V., Gifar N.V. and Davhold B.V. (the **Minority Shareholders**) have agreed on a business combination between Cabka and DSC2 whereby DSC2 will acquire 100% of the outstanding shares in the capital of Cabka, from respectively (i) RAM.ON Finance pursuant to the BCA and (ii) from the Minority Shareholders pursuant to the Irrevocable Agreements (as furthered described and defined below).

Upon completion of the Transaction (**Completion**), DSC2 will be converted into a public company (*naamloze vennootschap*) and be named "Cabka N.V." and the Combined Company will trade publicly on Euronext Amsterdam under a new ticker symbol.

The parties have agreed on an equity value of Cabka of EUR 175 million on a pre-transaction equity value basis (the **Equity Value**) as at 1 October 2021 (the **Effective Date**).

Irrevocable Agreements

Each of the Minority Shareholders has entered into separate irrevocable and notarised share purchase and assignment agreements with DSC2 for the sale and transfer of all of their shares in Cabka to DSC2, under the condition precedent that RAM.ON Finance has transferred all of its shares in Cabka to DSC2 (the **Irrevocable Agreements**).

Consideration for Cabka's Shareholders

The consideration for the shares in the Company held and to be delivered by the Minority Shareholders under the Irrevocable Agreements will consist of EUR 63.28 million to be paid in cash (the **Minority Cash Consideration**) without undue delay following the fulfilment of the conditions precedent and to be divided amongst the Minority Shareholders pro rata their current shareholding in Cabka.

RAM.ON Finance and DSC2 have agreed to exchange shares in Cabka (**Cabka Shares**) held by RAM.ON Finance (the **Majority Shares**) for a total of 11,172,000 ordinary shares in the share capital of DSC2 (all issued ordinary shares in the share capital of DSC2, and as per Completion, in the share capital of the Combined Company, from time to time, hereafter the **Ordinary Shares**), as follows. On Completion, as part of the exchange, DSC2 shall issue to RAM.ON Finance, and RAM.ON Finance shall subscribe for 5,000,000 newly issued Ordinary Shares (the **Majority Share Consideration – New Shares**), under the obligation to pay-up (*volstorten*) the Majority Share Consideration – New Shares in kind, with the Majority Shares. The difference between the nominal value of the Majority Share Consideration – New Shares and the value of the Majority Shares, being an amount of EUR 111,670,000, will be stipulated share premium (*agio*) and added to the general share premium reserve of DSC2. The Majority Share Consideration – New Shares will be admitted to listing without undue delay.

Secondly, as part of the exchange, and in fulfilment of the obligation of DSC2 to meet its obligations under the BCA, DSC2 shall transfer for no separate consideration 6,172,000 existing Ordinary Shares, which are currently being held in treasury (the **Majority Share Consideration – Existing Shares**), to RAM.ON Finance, which RAM.ON Finance shall accept.

Thirdly, RAM.ON Finance shall be entitled to Performance Shares (as defined below) if the conditions as described in section "*Business Combination – Performance Shares*" are met.

Fourthly, as part of the exchange, on Completion, RAM.ON Finance shall transfer the Majority Shares to DSC2, free from all restrictions and together with all rights attached to them (including the right to receive dividends declared but not paid on or after the Effective Date), pursuant to a share transfer agreement under German law.

Conditions to Completion

Completion of the Business Combination is subject to the following conditions precedent, whereby the conditions under (a) up to and including (d) are for the benefit of both DSC2 and RAM.ON Finance, and the conditions under (e) up to and including (f) are for the benefit of, and can solely be invoked by DSC2:

a. the extraordinary general meeting of shareholders to which the board of DCS2 will submit the proposed Business Combination for approval by the shareholder of the Ordinary Shares (**BC-EGM**) having approved in the Business Combination and other related resolutions proposed at the BC-EGM, with at least 70% of the votes cast, and the redemption obligations of DSC2 as set forth in DSC2's prospectus dated 16 November 2020 not exceeding 30% of DSC2's initial offering proceeds of EUR 110,000,040;

b. the relevant Cabka Group Companies having obtained the relevant financing consents;

c. the Irrevocable Agreements being in full force and effect, and the Minority Shareholders not being in breach of their obligations thereunder;

d. no governmental entity having jurisdiction over any party to the BCA having issued any order, decree, ruling, injunction or other action restraining, enjoining or otherwise prohibiting the consummation of the contemplated transaction, and no law or regulations have been adopted that makes the consummation of the contemplated transaction illegal or otherwise prohibited;

e. certain fundamental warranties provided by RAM.ON Finance being true and accurate at the date of Completion and DSC2 having received a certificate signed on behalf of RAM.ON Finance that this condition has been satisfied;

f. certain business warranties being true and accurate at the date of Completion, as if made at such date, except for such violations, breaches or defaults that would not reasonably be expected to result in material adverse effect, with respect to the Cabka and its group companies, and DSC2 having received a certificate signed on behalf of RAM.ON Finance that this condition has been satisfied; and

g. certain shareholder loans between Cabka and (affiliates of) RAM.ON Finance, and Mr Gat Ramon, respectively, having been repaid in full, and DSC2 having received a certificate signed on behalf of Cabka and the Majority Shareholder, certifying that this condition has been satisfied.

On the date of this Shareholder Circular, the parties to the BCA are working to satisfy each of the conditions precedent included above (to the extent not yet satisfied already), in accordance with the allocation of responsibilities as set out in the BCA.

Use of IPO Proceeds

At or prior to Completion, the capital raised by DSC2 at admission to listing and trading of its Ordinary Shares and Warrants to Euronext Amsterdam (**IPO**) and placed on its escrow account (the **Escrow Account**) amounts (up to) EUR 110,000,040 (the **IPO Proceeds**). Such amount, net of cash required to settle DSC2's Redemption Obligations (as defined below) pursuant to DSC2's prospectus (the **Prospectus**), will be used as follows:

a. firstly, EUR 63.28 million will be used for the Minority Cash Consideration to be paid to the Minority Shareholders under the Irrevocable Agreements;

b. secondly, up to 1% of the IPO Proceeds will be used for the payment of the costs in relation to the Transaction incurred by DSC2, the Sponsors (as defined hereafter) and their affiliates that have acted for the benefit of the Transaction;

c. thirdly, the funds will be used to cover any accrued negative interest accrued on the Escrow Account (currently estimated to amount to approximately EUR 850,000);

d. fourthly, EUR 1,962,601 will be used for partial cash settlement of the Existing VSOP as further set out below under " – *Settlement and treatment of Existing VSOP*"; and

e. the remainder, currently estimated to be an amount between EUR 9,808,007 and EUR 42,088,019 (the latter amount assuming Redemption Obligations will amount to zero), will be contributed to DSC2 and used to fund operations and future growth following the Completion. Parties will use good faith endeavours to structure such contribution as efficiently as possible, both from a legal and a tax perspective.

Shareholder Approval and Redemption Obligations

DSC2, Cabka and RAM.ON Finance have acknowledged and agreed that the Transaction will, amongst others, be subject to approval of the general meeting of DSC2, with a majority of 70% of the votes cast (the **Shareholder Approval**), and that in the event Shareholder Approval is granted, DSC2 may be obliged to repurchase certain Ordinary Shares from Dissenting Shareholders (as defined in the Prospectus) as further set out in the Prospectus (the **Redemption Obligations**).

Shareholders that want have their shares redeemed under the Dissenting Shareholder Arrangement must (i) notify DSC2 in writing (including e-mail) of this fact, such that the notification is received by DSC2 ultimately on 22 February 2022, (ii) attend or be represented at the BC-EGM and vote against the proposed Business Combination and (iii) transfer their shares to ABN AMRO, account details: BIC ABNANL2AAGS (EGSP 28001 NDC0) by virtue of submitting an instruction via the intermediary where the securities account (*effectenrekening*) of the Dissenting shareholder is held ultimately on 2 March 2022. If these conditions are met, the payment of the repurchase price under the Dissenting Shareholder Arrangement will be on 4 March 2022.

Special Shares and Warrants

Prior to the IPO, Mr Niek Hoek, Mr Stephan Nanninga and Mr Gerbrand ter Brugge (on behalf of Oaklins) (the **Sponsors**) through their affiliated companies indirectly acquired 293,333 special shares in DSC2 (the **Special Shares**). Special Shares can be converted into Ordinary Shares in accordance with a pre-determined conversion rate and schedule as further set out in the Prospectus.

As of Completion, DSC2 will have 11,000,004 warrants publicly listed on Euronext Amsterdam (the **Warrants**) under ticker symbols DSCW1, DSCW2 and DSCW3. The Warrants can be converted into Ordinary Shares in accordance with the terms set forth in the Prospectus.

If an automatic conversion threshold as described in the Prospectus is triggered prior to Completion, the relevant IPO-Warrants will convert into Ordinary Shares, and Ordinary Shares will be distributed instead of the relevant BC-Warrants, at the earliest on the following time schedule: 2 March 2022: Ex Date, 3 March 2022: Record Date, 4 March 2022: Allotment.

Dividend Policy

Holders of Ordinary Shares as of Completion can elect either to receive a capital repayment or a dividend payment, with reference to the articles of association of the Combined Company (**Articles of Association**). In this respect, the management board of the Combined Company (the **Management Board**) has acknowledged, thereby taking into account its fiduciary duties and responsibilities as managing director of the Combined Company, that it shall take all actions required in order to ensure that, if and to the extent any form of profit distribution is envisaged in any given year, such election is facilitated. The same shall be reflected in the Combined Company's dividend policy applicable as of Completion.

Accountant

A new auditor with an 'OOB licence' will be appointed as the new accountant of the Combined Company (**New Accountant**) in order to perform the 2022FY audit under IFRS. DSC2, Cabka and RAM.ON Finance have acknowledged and agreed that the appointment of the New Accountant will, amongst others, be subject to approval of the general meeting of DSC2.

Performance Shares

RAM.ON Finance and Mr Tim Litjens (the Combined Company's contemplated new CEO as from Completion) will each be entitled to be issued additional Ordinary Shares if after Completion, the close price of the Ordinary Shares has reached the below price levels on fifteen (15) trading days out of any thirty (30) consecutive trading day period (whereby such 15 trading days do not have to be consecutive) (the **Performance Shares**), as further set out below.

Share price level	**EUR 16.00**	**EUR 18.00**	**EUR 20.00**
RAM.ON Finance	600,000 Performance Shares	600,000 Performance Shares	600,000 Performance Shares
Tim Litjens	150,000 Performance Shares	150,000 Performance Shares	150,000 Performance Shares

Each of the above issuances are one-off entitlements against no consideration.

The Performance Shares of Mr Tim Litjens will only vest if he is still engaged by the Combined Company at the date of vesting, i.e. the performance condition being met. The good leaver provisions as set out in the Remuneration Policy (as defined below) will apply. The Ordinary Shares acquired by Mr Tim Litjens under this Performance Shares arrangement will be subject to a one-year lock-up, provided that the Supervisory Board may waive this lock-up restriction for sell-to-cover purposes.

Settlement and treatment of Existing VSOP

Cabka has a virtual share option plan, which currently represents a value of EUR 5,887,802 (the **Existing VSOP**). It is envisaged that the Existing VSOP will be settled and replaced as follows:

a. One/third (1/3) of the entitlements under the Existing VSOP will be settled in cash, amounting to total cash settlement of EUR 1,962,601;

b. Two/thirds (2/3) of the entitlements under the Existing VSOP will be converted into an entitlement to receive Ordinary Shares, amounting to a total of 392,520 Ordinary Shares, provided that such entitlement may partially be converted into cash in order to facilitate tax obligations (up to the amount of such wage tax obligations and provided that DSC2, RAM.ON Finance and Cabka shall use best efforts to ensure an employee-friendly tax treatment); and

c. The Ordinary Shares acquired under the Existing VSOP will be subject to at least a one-year lock-up, without exception.

PSU Plan

In addition to the above settlement of the Existing VSOP, a performance share unit plan shall be proposed to the General Meeting for adoption (the **PSU Plan**), under which a maximum of 571,411 performance share units for Ordinary Shares (**PSUs**) may be granted to selected management and employees of the group of which the Combined Company forms part, including the Management Board. A PSU covers (the value) of one Ordinary Share that, if the conditions for vesting have been met, shall be settled by the delivery of an Ordinary Share as further described in the PSU Plan.

Under the PSU Plan, the Supervisory Board shall have broad discretionary powers in the interpretation, amendment and deviation of the PSU Plan. The Supervisory Board may resolve on further grants of PSUs in its sole discretion, subject to the terms and conditions of the PSU Plan, the Articles of Association and Dutch law. Furthermore, the Supervisory Board may interpret and deviate from the PSU Plan in individual award agreements and apply country-specific rules for each jurisdiction where a group company of the Combined Company is active or a participant is residing.

Subject to the terms and conditions of the PSU Plan, vesting of the awarded PSUs as of Completion will occur on different vesting dates subject to the performance condition being met in the following manner:

a. one/third (1/3) of the PSUs shall become vested over a period of three years (in three equal parts per year) after the day on which the close price of Ordinary Shares has reached at least EUR 11.00 during 15 trading days out of any thirty consecutive trading day period (whereby such 15 trading days do not have to be consecutive);

b. one/thirds (1/3) of the PSUs shall become vested over a period of three years (in three equal parts per year) after the day on which the close price of Ordinary Shares has reached at least EUR 12.00 during 15 trading days out of any thirty consecutive trading day period (whereby such 15 trading days do not have to be consecutive); and

c. one/thirds (1/3) of the PSUs shall become vested over a period of three years (in three equal parts per year) after the day on which the close price of Ordinary Shares has reached at least EUR 13.00 during 15 trading days out of any thirty consecutive trading day period (whereby such 15 trading days do not have to be consecutive),

and in any event provided that the relevant manager/employee is still employed or engaged by the Combined Company's group (or has left the Combined Company's group as a “good leaver” as further specified in the PSU Plan). The Supervisory Board has the power to determine other performance conditions for new hires following the date of Completion. For leaver treatment reference is made to the proposed PSU Plan. If the above price hurdles have not been reached within five years after the date on which the PSUs have been granted, the PSUs relating to these specific price hurdles which have not been met shall automatically lapse without any compensation being due.

In principle, vested PSUs will be settled by the Combined Company within a given timeframe following vesting. With regard to the settlement of vested PSUs, an opt-in regime is included in the PSU Plan pursuant to

which a participant may have the possibility to postpone the settlement (subject to terms and conditions of the opt-in regime as determined by the Supervisory Board in accordance with the PSU Plan).

Upon vesting, the nominal payment obligation (*stortingsplicht*) for the shares being issued will be charged against the freely distributable reserves of the Combined Company. There will not be a payment obligation for the participant at the time of vesting.

A one year lock-up will apply to all shares in the capital of the Combined Company acquired as a results of exercising options issued under the PSU Plan, starting as of the date of Completion (the **Completion Date**), irrespective of the date of acquisition of the Ordinary Shares, provided that the Supervisory Board may waive this lock-up restriction for sell-to-cover purposes.

In addition, the Ordinary Shares subject to the PSUs of the Managing Directors are subject to a five year holding, unless determined otherwise by the Supervisory Board in exceptional circumstances.

All taxes related to the PSU Plan will be for the account of the participants.

Lock-up, Standstill and Anti-dilution

A twelve month lock-up applies to (i) the shares in DSC2 acquired by the Sponsors (through DSC Executive Directors Holding B.V.) and RAM.ON Finance at Completion (whereby the lock-up period commences at Completion) unless shares are sold for cash in order to facilitate tax obligations (up to the amount of such tax), and (ii) the Performance Shares acquired by RAM.ON Finance and Mr Tim Litjens (whereby the lock-up period commences following allotment of Performance Shares).

During the lock-up no additional shares may be acquired by the above persons or entities that are subject to the lock-up arrangement other than as a result of (i) the exercise or conversion of Warrants or Special Shares in accordance with the Prospectus and (ii) the exercise of statutory pre-emptive rights, or equivalent pre-emptive rights.

In view of the dilutive effects of the Warrants and Special Shares, the BCA includes a provision granting RAM.ON Finance the right to participate in any private placement launched by the Combined Company during the lock-up period, provided that RAM.ON Finance shall not be permitted to acquire a stake exceeding 48.1% as result of such participation. Such provision will be negotiated in good faith.

The parties acknowledged that no contractual restrictions apply to RAM.ON Finance's Ordinary Shares following the one-year lock-up.

Ordinary Course

Until Completion, Cabka must conduct, and RAM.ON Finance must procure that Cabka conducts, its business in the ordinary course and consistent with past practice in all material aspects.

Leakage Provisions, Warranties, Covenants, Completion Conditions, and Post-Completion Recourse

The BCA contains customary leakage provisions, representations & warranties and (interim) covenants of RAM.ON Finance. For further detail, readers are referred to the overview below.

Leakage

No leakage to occur between the Effective Date and Completion.

Representations and warranties:

Fundamental warranties include those in relation to title, capacity, no insolvency, due organization and ownership of shares.

Business warranties include those in relation to accounts and liabilities, books and records, commercial contacts, product liability, M&A, properties and environment, employment and pensions, indebtedness, intellectual property, information technology, insurance, data protection compliance with legal requirements, litigation and tax and disclosed information.

Dataroom disclosure

RAM.ON Finance shall not be liable in respect of any breach of the warranties, if and to the extent that the matter or circumstance giving rise to such breach was Fairly Disclosed.

Fairly Disclosed means disclosed through the virtual dataroom or the BCA in such a manner that the relevant information is or should be reasonably apparent to a prudent purchaser or its professional advisors or any of its representatives placed in the same circumstances as DSC2, DSC2's relevant affiliates and DSC2's relevant affiliates' respective representatives, in sufficient detail to enable that DSC2 (or any of its representatives) to make a reasonably informed assessment of the information concerned and of its nature and effect, after a diligent review thereof. For the avoidance of doubt, a reference to information or a document that is not in fact included in the virtual dataroom or the BCA, does not amount to fair disclosure of that document or the information in it.

Liability limitations

The liability of RAM.ON Finance for any breach of its representations and warranties or of its obligations under the BCA is limited as follows:

a. Leakage, tax claims, breaches of fundamental warranties and interim covenants are capped to an amount equal to the Equity Value, and breaches of business warranties are capped at a maximum aggregate amount of EUR 35,000,000;

b. Breaches of business warranties and tax claims (to the extent not constituting business warranty claims) have a minimum threshold of EUR 500,000 each, and can only be claimed when one or more of such breaches exceed EUR 5,000,000; and

c. The relevant time limitations are as follows: (i) 12 months from Completion in relation to leakage, (ii) seven years from Completion in relation to fundamental warranties, (iii) 18 months from Completion in relation to business warranties, and (iv) one month following the applicable statutory limitation period in relation to tax warranties and tax indemnity.

RAM.ON Finance must compensate the Combined Company in full (irrespective of its proportionate share in Cabka before Completion) for any leakage, warranty claims or breaches of interim covenants, either (i) by retransferring to the Combined Company, against nil consideration, such number of Ordinary Shares of which the value is equal to the relevant damages or compensation amount (in respect whereof the Ordinary Shares to be transferred shall be valued at fair market value, which shall be deemed equal to the 30-day volume-weighted average trading price of the Ordinary Shares) or (ii) in cash, whereby RAM.ON Finance may elect (i) or (ii) in its sole discretion. The date on which the fair market value is determined shall be the day on which RAM.ON Finance is notified of a claim.

Indemnity

Except for a customary tax indemnity, no specific indemnities are included in the BCA.

Restrictive covenants

Certain customary restrictive covenants (including a non-competition and non-solicitation covenant) apply to RAM.ON Finance (and its affiliates) for a period of three years after Completion.

Transaction Costs

a. all transaction costs (including but not limited to advisory, legal, commercial, accounting, financial, due diligence costs and costs relating to the Irrevocable Agreements) of Cabka and RAM.ON Finance; and

b. all transaction costs (including but not limited to advisory, legal, commercial, accounting, financial, due diligence costs and costs relating to the Irrevocable Agreements) and running costs of DSC2 (including DSC Executive Directors Holding B.V., the entity affiliated with the Sponsors) and their affiliated companies that have acted for the benefit of the Combined Company,

will be borne (by virtue of a refund or otherwise) by the Combined Company.

Governing Law; Forum

The BCA is governed by and construed in accordance with the laws of the Netherlands. Any dispute arising out of or in connection with the BCA will be finally settled by arbitration in accordance with the rules of the Netherlands Arbitration Institute (*Nederlands Arbitrage Instituut*). The place of the arbitration will be Amsterdam, the Netherlands. The language of the arbitration will be English. The arbitrators will decide according to the rules of law and their arbitral award will not be disclosed other than to the parties to the arbitral proceedings.

RISK FACTORS

Investors should consider carefully the risks and uncertainties described below, together with the other information contained in this Shareholder Circular. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, may have a significant negative impact on the Combined Company's business, financial condition, results of operations and prospects. The price of the Combined Company's shares could decline and an investor might lose part or all of its investment upon the occurrence of any such event.

All of these risk factors and events are contingencies which may or may not occur. Cabka and/or the Combined Company may face a number of these risks described below simultaneously and some risks described below may be interdependent. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Combined Company's and/or Cabka's business, financial condition, results of operations and prospects. The risk factors below have been divided into categories and some risk factors could belong in more than one category. However, each risk factor is presented within the most appropriate category and prospective investors should carefully consider all of the risk factors set out in this section.

Although the management board (bestuur) of Cabka and Cabka believe that the risks and uncertainties described below are the material risks and uncertainties concerning Cabka's business and industry and the Business Combination, they are not the only risks and uncertainties. Other risks, events, facts or circumstances not presently known to Cabka, or that Cabka currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on the Combined Company's and/or Cabka's business, financial condition, results of operations and prospects.

Prospective investors should carefully read and review the entire Shareholder Circular and should form their own views before making a decision with respect to the proposed Business Combination. Furthermore, before making a decision with respect to the proposed Business Combination, investors should consult their own professional adviser and carefully review the risks associated with an investment in the Combined Company and consider such decision in light of their personal circumstances.

As used in Shareholder Circular, a reference to ***Cabka*** *refers to Cabka Group GmbH as well as to its businesses which are held as consolidated subsidiaries and equity-method non-consolidated subsidiaries, associated companies and joint ventures, as the context requires.*

RISKS RELATING TO CABKA'S BUSINESS AND INDUSTRY

Cabka is exposed to a material degree of dependence on third parties, in relation to customers, distributors as well as suppliers. A material deterioration in customer and/or supplier relationships, demand and/or supply interruptions, industry consolidation and/or cost increases could have a material adverse effect on Cabka's future financial performance and position

Cabka relies on various key customer and distributor relationships Cabka's top three customers represented approximately 15% of total revenue in 2020. Cabka also relies on various key supply relationships for the supply of raw materials and the supply of services including energy, machinery, equipment, storage and transportation. Cabka consolidates the purchase of key raw materials such as plastic waste among a limited group of key suppliers. Cabka's top 10 suppliers represented approximately 40% of the total amount of raw material procured in terms of volume in 2020.

There are various risks associated with Cabka's customer and supplier relationships.

Some customer, distributor and supplier relationships are governed by binding written contracts, while others are governed by informal arrangements such as purchase orders and standard terms and conditions. Where no binding written contract has been agreed upon, these arrangements can be terminated or amended by the customer without incurring significant penalties. Even where there is a binding written contract, depending on the nature of the contract, the counterparty may be under no obligation to continue to purchase or supply, as the case may be, or to purchase or supply a particular volume of products. Key customers and suppliers may also exert pressure on Cabka with respect to pricing and payment terms, due to which Cabka may fail to renew key contracts on terms which are no less favourable to Cabka.

Cabka may be affected by a decline in customer demand for various reasons, such as a decline in end-user demand, changing customer preferences or customers insourcing production. Cabka's customers and suppliers may also not be able to honour existing contracts, for example due to customers and suppliers experiencing financial difficulties or cease their operations either temporarily (for example, as a result of accidents or natural disasters) or permanently (for example, by completion down operations or due to insolvency).

Cabka may also be affected by a decline of demand through the distributor/reseller channel. As Cabka is developing efficient new direct sales channels, which may deteriorate Cabka's relation with distribution/reseller partners on which Cabka counts for its core business.

The availability and price of raw materials and services may be subject to shortages in supply, suppliers' allocation to other purchasers, interruptions in production by suppliers (including due to operational, industrial relations or transportation difficulties, accidents or natural disasters affecting suppliers), worldwide pricing levels and new laws or regulations.

The written supply contracts for raw materials may allow for periodic increases in prices by reference to specified indices. Other materials are sourced at "spot" prices. While a number of Cabka's customer contracts contain price review and adjustment mechanisms which may allow Cabka to pass on increases in the price of raw materials to customers, other customer relationships are governed by informal arrangements which do not include these mechanisms. Even where customer contracts contain a price review and adjustment mechanism, there is a risk that customers will seek to renegotiate these provisions during the term of the existing contracts or on renewal. To the extent that Cabka cannot pass on price increases to customers, Cabka would be required to absorb such price increases.

Any of the above factors, either individually or in combination, could have a material adverse effect on Cabka's future financial performance and position.

Cabka is subject to competitive pressures, which may impact margins and constrain Cabka's ability to generate cash, invest and grow and/or service its debts.

Cabka faces competition in the sale of its products and competes with multiple companies in each of its product lines. Cabka competes on the basis of a number of considerations, including price, service, quality, product characteristics and the ability to supply products to customers in a timely manner. Its products also compete with products made of materials other than plastics, such as wood, as well as plastic products made through different manufacturing processes. Penetrating new markets, which is important for the realisation of growth, is therefore very challenging and it is uncertain if Cabka will be able to meet that challenge, especially since Cabka's competitors may have financial and other resources that are substantially greater than Cabka's and may be better able than Cabka to withstand higher costs.

Some of the substitute products of competitors are not subject to the impact of changes in virgin material prices and therefore may be lower in price than Cabka's products, which may have a significant and negative impact on Cabka's competitive position versus substitute products. Also, the further maturing of the post-consumer plastics and recycled materials could have an effect on Cabka's competitive position versus substitute products. In addition, Cabka's success may depend on its ability to adapt to technological changes, and if Cabka fails to enhance existing products and develop and introduce new products and new production technologies in a timely

fashion in response to changing market conditions and customer demands, its competitive position could be materially and adversely affected. Furthermore, some of Cabka's customers do and could in the future choose to manufacture the products they require for themselves. In addition, since Cabka does not have formalised arrangements with some of its customers, these competitive factors could cause its customers to shift suppliers and/or packaging material quickly. Competition may impact margins and constrain Cabka's ability to generate cash, invest and grow and/or service its debts, specifically for the niche market regarding nestable pallets where entry to market for new entrants is low and new competing propositions are expected to enter the market.

Cabka is subject to inflationary risk, particularly in respect of an increase in energy prices.

Cabka is exposed to risks arising from inflation of commodities used in Cabka's operations. Cabka's production costs are particularly sensitive to the price of energy. Energy prices, in particular oil and natural gas, have fluctuated recently. Significant increases in the costs of energy or other commodities used in Cabka's operations could adversely affect Cabka's manufacturing costs and deteriorate Cabka's margins.

Cabka may not be able to pass on increases in the costs of energy or other commodities to customers, in which case Cabka would be required to bear such price increases. Furthermore, there is no assurance that the level of customer churn may not increase as a result of such price increases.

Many of Cabka's customer and supplier agreements require Cabka to purchase a certain minimum volume. If Cabka does not comply with such commitments, it could be held liable for breach of contract, which could affect its future financial performance and position.

A substantial amount of Cabka's customer and supplier agreements (roughly 30-40%) contain minimum volume or machine hour clauses. Although it has been able to comply with such commitments over the past three years, Cabka can provide no assurance that it will be able to do so in the future. If Cabka does not comply with such commitments, it could be forced to perform, held liable for breach of contract and/or such customers and suppliers may decide to terminate the respective contract, which could affect Cabka's future financial performance and operational position.

Operational failure or incident at Cabka's production facilities could adversely affect Cabka's business.

As at the date of this Shareholder Circular, Cabka has seven production facilities (including two contract manufacturers). An operational failure or catastrophic incident involving any of Cabka's facilities, such as an explosion, fire or flooding, could result in business interruption and closure of that facility and, as a result, Cabka's business could be adversely affected. For example, in the past five years a fire occurred at Cabka production sites in Genthin and Eifel, respectively (both incidents have been adequately handled and are no longer affecting Cabka's business). In addition, certain of Cabka's operations may be adversely affected by long periods of severe weather hampering collection and recycling site operations. Due to the nature of its business and dependence on production sites, Cabka's ability to obtain adequate insurance protection against the aforementioned risks is limited, which increases the risk that losses suffered are not recoverable.

Cabka's operations expose it to the risk of material health and safety liabilities.

The potential impact of health and safety and employment laws and regulations is relatively high for the plastic waste recycling sector. Although Cabka takes compliance with health and safety and employment laws and regulations very serious, accidents may occur resulting in injury or loss of life. For example, in early 2018 there has been a lethal accident at a site in the US due to an arc flash produced by a machine caused by a mistake of the operator who did not follow the appropriate safety procedure. Cabka deeply regrets such incidents and expresses its sincere sympathy for the injured and the families involved. Such incidents may additionally lead to legal proceedings being brought against Cabka and may lead to damages being awarded against, and/or to fines and penalties being imposed on, Cabka, as well as cause damage to Cabka's reputation with local communities, customers, joint venture partners, (potential) employees and regulators. Such damages, fines, penalties and

adverse events could materially adversely impact the financial position and results of operations of Cabka as well as its ability to attract sufficient personnel.

Cabka may not be successful in protecting its intellectual property rights, including its unpatented proprietary know-how and trade secrets, or in avoiding claims that it infringed on the intellectual property rights of others

Cabka's business relies on a combination of copyright, patent, trademark and other intellectual property laws, nondisclosure agreements and other protective measures to protect its proprietary rights.

Competitors may independently develop proprietary technology similar to Cabka's, introduce counterfeits of Cabka's products, misappropriate Cabka's proprietary information or processes, infringe on Cabka's patents, brand name and trademarks, or produce similar products that do not infringe on Cabka's patents or successfully challenge Cabka's patents. Cabka's efforts to defend its patents, trademarks and other intellectual property rights against competitors or other violating entities may be unsuccessful. Cabka may be unable to identify any unauthorized use of its patents, trademarks and other intellectual property rights and may not be afforded adequate remedies for any breach. In particular, in the event that Cabka's registered patents and applications do not adequately describe, enable or otherwise provide coverage of Cabka's technologies, samples and products, Cabka would not be able to exclude others from developing or commercializing these technologies, samples and products. In addition, it is possible that third parties could independently develop information and techniques substantially similar to Cabka's or otherwise gain access to Cabka's trade secrets.

In 2021 several (mostly intangible) non-material handling assets (including intellectual property rights) have been sold and transferred under an asset sale and purchase agreement among several Cabka Group Companies as sellers and oceansix GmbH as purchaser (formerly named RAM.ON consult GmbH), a company ultimately held by the beneficial owner of Cabka (and RAM.ON Finance), Mr Gat Ramon. As part of the Transaction, the parties agreed to a non-compete provision in the BCA under which oceansix GmbH is prohibited to be involved in any business which competes with any of the businesses carried on by Cabka at the Completion Date. DSC2 and Cabka cannot provide any assurance that such non-compete provision is sufficiently adequate to protect its business interests.

In the event that any misappropriation or infringement of Cabka's intellectual property occurs in the future, Cabka may need to protect its intellectual property or other proprietary rights through litigation. Litigation may divert Cabka's management's attention from its business operations and possibly result in significant legal costs, and the outcome of any litigation is uncertain. In addition, infringement of Cabka's intellectual property rights may impair the market value and share of its products, damage its reputation and adversely affect its business, financial condition and results of operations.

Cabka's financing agreements contain numerous covenants, representations and warranties. The breach of any covenants, representations or warranties, or non-performance of the obligations by Cabka

The financing agreements contain numerous covenants, representations and warranties by Cabka. The covenants and restrictions are designed, amongst other things, to prevent Cabka from incurring too much debt or interest costs relative to its earnings and profits. In addition to such covenants and restrictions, the contracts oblige Cabka to maintain certain ratio levels in relation to senior leverage, interest coverage and equity, and thus restrict Cabka's operational and financial flexibility.

The breach of any covenants, representations or warranties, or non-performance of the obligations by Cabka under its financing agreements, if not cured or waived within specified periods, could result in the acceleration of debt repayment or the payment of penalties under the relevant financing agreement. Such an event may affect Cabka's ability to obtain financing in the longer term, either on a timely basis or on terms favourable to Cabka, and Cabka's ability to pursue its strategic business plans. This could have a material adverse effect on Cabka's financial condition, results of operations and prospects.

Cabka's employment and/or services agreements may not contain sufficiently adequate protective measures to protect its business against illegitimate leakage of know-how and/or competition and solicitation practices conducted by its (former) employees and/or managers.

Cabka utilises unpatented proprietary know-how and trade secrets and employs various methods to protect its intellectual property. For example, Cabka has endeavoured to agree upon IP transfer and confidentiality provisions in the agreements with its key research and development personnel. However, Cabka cannot provide assurance that all agreements with its management and personnel provide meaningful protection or adequate remedies in the event of unauthorised use or disclosure of Cabka's proprietary information. In addition, such provisions may not be sufficiently adequate to ensure the transfer of all IP rights to inventions (co-)created by Cabka's management and personnel to Cabka.

Moreover, although Cabka has endeavoured to safeguard its business interests by agreeing upon protective measures with its (key) employees and management, including non-compete and non-solicitation provisions, it cannot provide assurance that these protective measures adequately each material aspect, and there is a risk that such provisions may (turn out to) be inadequate and/or unenforceable. In such case, Cabka would be exposed to the risk that (former) management and employees of Cabka use their know-how and experience gained as part of their involvement with Cabka to develop activities competing with Cabka's business activities, to engage in such activities with competitors of Cabka and/or to solicit Cabka's current management and personnel for such competing business activities.

Cabka's international operations (including commercial trading in goods) expose it to risks stemming from specific anti-money laundering and compliance requirements.

Cabka may not have a sufficiently adequate compliance management system to ensure full compliance with anti-money laundering and compliance requirements.

Cabka depends on information technology systems and infrastructure to operate its business, and increased cybersecurity threats, system inadequacies, and failures could disrupt operations, compromise customer, employee, vendor and other data which could negatively affect its business.

Cabka relies on the efficient and uninterrupted operation of information technology systems and networks. These systems and networks are vulnerable to increased cybersecurity threats and more sophisticated computer crime, energy interruptions, telecommunications failures, breakdowns, natural disasters, terrorism, war, computer malware or other malicious intrusions. Cabka is investigating potential improvements to its information technology systems and infrastructure, and is willing to allocate resources to such improvements, but a degree of risk is likely to remain in spite of such efforts and potential improvements.

Cabka also maintains and has access to sensitive, confidential or personal data or information that is subject to privacy and security laws, regulations, and customer controls. Despite Cabka's efforts to protect such information, security breaches, misplaced or lost data and programming damages could result in production downtimes, operational disruptions, transaction errors, loss of business opportunities, violation of privacy laws and legal liability, fines, penalties or negative publicity could result in a negative impact on the business. While Cabka has not had material system interruptions historically associated with these risks, there can be no assurance that these advanced and persistent threats will prevent future interruptions that could result in significant losses.

Cabka's (former) employees may bring claims against it in respect of any uncompensated overtime.

In Germany, Cabka's (former) employees may bring claims against it in respect of any overtime that has not been duly compensated by it. Under German law, such claims may be brought by employees for a period of up to four years. In case such claims would be awarded by a relevant court, this could impact Cabka's financial performance and financial position.

RISKS RELATED TO REGULATION, LEGAL AND COMPLIANCE MATTERS

Cabka is exposed to the risk of product liability and product recall claims, which could adversely affect Cabka's business, financial condition and results of operations

Cabka is exposed to the risk of product liability and product recall claims if any of Cabka's products are alleged to fail to comply with specified standards, warranties and/or delivery requirements and/or have resulted in personal injury or property damage. While Cabka maintains product liability insurance, this may not be adequate to cover losses related to product liability claims brought against Cabka.

In the event of an uninsured loss or a loss in excess of Cabka's insured limits, Cabka could suffer damage to its reputation and/or lose all or a portion of its production capacity as well as future revenues expected to be generated by the relevant facilities. Any material loss not covered by insurance could adversely affect Cabka's business, financial condition and results of operations.

Cabka operates in a highly regulated industry, and changing regulatory requirements and standards with respect to, for example, plastic waste recycling, transfer, treatment, processing and production could have an adverse impact on Cabka s operations and results.

The laws and regulations of the jurisdictions in which Cabka operates have a substantial impact on Cabka's business. A large number of complex regulations, rules, orders, court decisions and interpretations govern environmental protection, health, safety, land use, recycling, storage, and disposal of wastes, discharges of pollutants to air and water and related matters in these jurisdictions. For example, Cabka falls under the scope of the Corporate Sustainability Reporting Directive (CSRD), and the new EU Taxonomy changing regulatory requirements criteria could potentially have an adverse effect on Cabka's financial conditions and results of operations

While Cabka has incurred and will continue to incur significant costs and other expenditures to comply with these regulations and to manage the related risks, a significant failure to comply with these regulations, or enforcement actions and litigation arising from an actual or perceived breach of such regulations, could subject Cabka to fines, penalties, and judgments, and impose limits on Cabka's ability to operate and expand. In Germany, for instance, the breach of such regulations may lead to fines of up to EUR 10 million, depending on the severity of the breach in question.

In addition, changes to these laws and/or regulations may restrict Cabka's operations, or cause it to undertake investigatory or remedial activities, curtail operations or close non-compliant facilities temporarily or permanently. Any such regulatory changes could adversely affect Cabka's operational activities, financial condition, results of operations and cash flows by introducting and/or reinforcing conditions such as:

- limitations on locating and constructing new, or expanding existing, facilities for plastic waste recycling;
- tightening of applicable regulations, or raising of standards, relating to plastic waste collection, treatment or disposal at the facilities at which such operations are carried out.

Cabka's operations require permits, licenses, approvals and certificates, the revocation, cancellation or non-renewal of which could materially adversely affect Cabka's business and operations. Cabka is also subject to periodic inspections, examinations, inquiries and audits by regulatory authorities.

Cabka is required to obtain and maintain valid permits, licenses, certificates and approvals from various governmental and regulatory authorities or institutions under applicable laws and regulations, for example relating to plastic waste management and its production sites. Cabka must comply with the restrictions and conditions imposed by various levels of governmental and regulatory authorities or institutions to maintain its permits, licenses, approvals and certificates. If Cabka fails to comply with any of the regulations or meet any of

the conditions required for the maintenance of such permits, licenses, approvals and certificates, these permits, licenses, approvals and certificates could be temporarily suspended or even revoked, or the renewal thereof, upon expiry of their original terms, may be delayed or rejected, which could materially and adversely impact Cabka's business, financial condition and results of operations.

Cabka is subject to periodic inspections, examinations, inquiries and audits by regulatory authorities and may be subject to suspension or revocation of the relevant permits, licenses, approvals or certificates, or fines or other penalties due to any non-compliance identified as a result of such inspections, examinations, inquiries and audits. Cabka cannot assure that it will be able to maintain or renew its existing permits, licenses, approvals and certificates or obtain future permits, licenses, approvals and certificates required for its continued operation on a timely basis or at all. In the event that Cabka fails to comply with applicable laws and regulations or fails to maintain, renew or obtain the necessary permits, licenses, approvals or certificates, its qualification to conduct its current businesses may be adversely impacted.

RISKS RELATING TO THE BUSINESS COMBINATION

RAM.ON Finance will hold a significant interest in the Combined Company and, therefore, it will be in a position to exert substantial influence on the Combined Company and the interests pursued by it could differ from the interests of the Combined Company's other shareholders.

Immediately after Completion, RAM.ON Finance will be the Combined Company's largest shareholder with a holding of approximately 48.1% of the Combined Company's issued and outstanding share capital. As a result, RAM.ON Finance alone will continue to be able to exert substantial influence or potentially control matters requiring approval by the general meeting of the Combined Company and may vote its shares in a way with which other shareholders do not agree.

Moreover, pursuant to the Relationship Agreement between RAM.ON Finance, the Sponsors (through DSC Executive Directors Holding B.V.) and DSC2, RAM.ON Finance shall have the right to designate three Supervisory Directors for binding nomination by the Supervisory Board to the General Meeting as Supervisory Director or as replacement for such member, including the chairperson of the Supervisory Board who shall be designated by RAM.ON Finance in consultation with DSC Executive Directors Holding B.V. and who must qualify as "independent" within the meaning of the Dutch Corporate Governance Code. For more information on the Relationship Agreement, see "*Current Shareholders and Related Party Transactions – Relationship Agreement*".

As per Completion, Mr Gat Ramon, who currently controls RAM.ON Finance, will be appointed as one of the Supervisory Directors. Since the interests of RAM.ON Finance do not have to be aligned with the interests of the Combined Company, a conflict of interest might arise. For more information on such potential conflicts, see "*Management, Employees and Corporate Governance – Potential Conflicts of Interest and Other Information*".

RAM.ON Finance's large shareholding combined with its governance rights allow RAM.ON Finance to exert substantial influence on the General Meeting and, consequently, on matters decided by the General Meeting pursuant to the Combined Company's Articles of Association as they will read effective as of the Completion Date, including the appointment of Managing Directors and Supervisory Directors, dividend policy, the amendment of the Articles of Association or any proposed capital increase. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Combined Company and could materially adversely affect the trading volume and market price of the Ordinary Shares. This could be the case if investors determine that the stock is not as attractive due to high concentration of ownership and degree of influence by RAM.ON Finance, as a result of which demand for the Ordinary Shares may go down.

Third parties, such as Cabka's customers, suppliers and financiers, may terminate or (endeavour to) alter existing contracts with Cabka as a result of the Business Combination.

Several of Cabka's customer, supplier and financing agreements contain change of control clauses stipulating notification obligations for a Cabka Group Company, termination rights for the contractual counterparty or, in a single case, a right of first refusal for the contractual counterparty. While, in certain cases, there may be valid arguments that the Transaction would not trigger termination rights under the respective change of control clause, it cannot be excluded that a contractual counterparty (and, ultimately, a court) takes a different view. Accordingly, such change of control clauses bear a risk that the relevant counterparty terminates the relevant contract as a consequence of the Transaction or tries to re-negotiate the terms of the relevant contract after the relevant Group Company notifies the Transaction to the relevant counterparty.

If the Combined Company cannot retain its management team and other key employees, it may not be able to manage its operations successfully and pursue its strategic objectives.

The Combined Company depends on its ability to recruit, retain and motivate high quality senior management and other personnel with experience in fields including R&D in relation to plastics and recycled products, and production technology, machinery and equipment. In particular, the Combined Company is dependent on the continued involvement of the members of the Management Board and its senior management, many of whom have significant experience in the plastic recycling business. The loss of any of the members of the Management Board or the Combined Company's senior management or a significant diminution in their contribution to the Combined Company's business could adversely affect its ability to continue to operate its business and pursue its strategic objectives.

As the Combined Company continues to grow, there can be no assurance that it will be able to attract and retain the qualified personnel needed to maintain its competitive position in its markets. Competition for suitably qualified employees is intense and could further intensify; in particular with respect to personnel that has relevant experience. If the Combined Company does not succeed in attracting, hiring and integrating qualified personnel, or retaining and motivating existing personnel, it may be unable to grow effectively, which could have a material adverse effect on its business, financial condition and results of operations.

Recourse under the BCA in respect of breaches of warranties and indemnities is limited monetarily and by time.

Under the BCA, RAM.ON Finance has provided DSC2 with certain representations, warranties and covenants. DSC2's recourse under the BCA for losses and liabilities resulting from breach of any such representation, warranty or covenant, or for amounts covered under the indemnification provisions, is subject to the monetary and time limitations specified therein.

While DSC2 has carried out an extensive due diligence investigation of Cabka, it has not had access to all information available in respect of Cabka. DSC2 cannot assure shareholders that its investigation and due diligence of Cabka uncovered all events or conditions that might result in future losses or liabilities or that any known potential losses or liabilities have been fully addressed under the relevant provisions in the BCA. As a result, after Completion, the Combined Company may suffer losses or incur liabilities for which it has limited or no recourse. Furthermore, if any such losses or liabilities were exceeding the monetary limitations or became known to DSC2 after expiry of the relevant time period limitations, each as specified in the BCA, DSC2 may not have any recourse under the BCA. If DSC2 was required to bear such losses or liabilities itself, it may have a material adverse effect on the Combined Company's financial position.

Cabka will face additional administrative and operational requirements as a result of the listing.

Following the Business Combination, Cabka will be subject to the legal requirements for Dutch public companies admitted to trading on Euronext Amsterdam. These requirements include the production and publication of annual and periodic financial reports and other public disclosures, regular calls with securities and

industry analysts and other required disclosures. The accounting, controlling, legal or other corporate administrative functions of Cabka may not be capable of responding to these additional requirements without difficulties and inefficiencies, and Cabka may incur significant additional expenditures to improve its central functions and internal controls and/or be exposed to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conduct of General Meetings and the regular communications with Shareholders and potential investors will entail greater expenses. Cabka's management will need to devote time to these additional requirements that it could otherwise devote to other aspects of managing Cabka's operations, and these additional requirements could also substantially increase time commitments and costs for the accounting, controlling and legal departments and other administrative functions. Any inability to manage the additional demands as a result of the listing, as well as the costs resulting therefrom, may harm Cabka's business, results of operations and financial condition.

Even if the Business Combination is completed, the Warrants may never be in the money, and they may expire worthless.

Each Warrant shall automatically and mandatorily convert when (i) the Business Combination Completion Date has occurred and (ii) the closing price of the Ordinary Shares on Euronext Amsterdam reaches the respective minimum share price threshold that is set out in the Prospectus (the **Share Price Hurdles**) for such Warrant on 15 trading days out of a 30 consecutive trading day period (whereby such 15 trading days do not have to be consecutive).

There can be no assurance that the Share Price Hurdles will ever be met and that the Warrants will ever be in the money prior to their expiration and, as such, the Warrants may expire worthless. The Warrants will expire at close of trading on the regulated market of Euronext Amsterdam on the first business day after the fifth anniversary of the Completion Date

The Combined Company's issuance of additional Ordinary Shares will dilute all Shareholders.

The Combined Company may issue additional Ordinary Shares in the future that will result in dilution to all other Shareholders. The Combined Company expects to grant equity awards to certain of its employees and directors under a long term incentive plan. See "*Business Combination – PSU Plan*". The Combined Company may also raise capital through equity financings in the future. As part of the Combined Company's strategy, the Combined Company may issue equity securities for purposes of financing acquisitions. Any such issuances of additional Ordinary Shares may cause Shareholders to experience significant dilution of their ownership interests and the per share value of the Ordinary Shares to decline.

The outstanding Warrants and Special Shares may automatically convert in the future, which may increase the number of Ordinary Shares and result in further dilution for the holders of Ordinary Shares.

If all outstanding Warrants and Special Shares are converted and exercised, respectively, the Combined Company's share capital would increase by 4,693,331 Ordinary Shares, diluting the holders of Ordinary Shares. Alternatively, holders of Ordinary Shares who are no holder of Warrants or who would sell their Warrants could experience an additional dilution resulting from the exercise of Warrants. Holders of Ordinary Shares could also be diluted by further share capital increases in relation to the Combined Company's PSU Plan, Existing VSOP and Performance Shares.

The implementation of the Business Combination is subject to satisfaction or waiver, where applicable of a number of conditions.

Even if the proposed Business Combination is approved by the Shareholders, specified conditions must be satisfied or waived before the parties to the BCA are obligated to complete the Business Combination. For a list of the material completion conditions contained in the BCA, see "*Business Combination – Conditions to Closing*". DSC2, RAM.ON Finance and Cabka may not satisfy all of the completion conditions in the BCA. If the completion conditions are not satisfied or waived, the Business Combination will not occur, or will be

delayed pending later satisfaction or waiver, and such delay may cause DSC2 and Cabka to each lose some or all of the intended benefits of the Business Combination.

DSC2 has not obtained a third-party valuation or fairness opinion in determining whether or not to proceed with the Business Combination.

DSC2 did not obtain a third-party valuation or fairness opinion in connection with its determination to recommend the Business Combination. In analysing the Business Combination, DSC2 conducted due diligence on Cabka. DSC2 also consulted with Cabka's management and advisors and considered a number of factors, uncertainties and risks. Although DSC2 undertook analyses of the business and financial conditions and prospects of Cabka in making its determination regarding the fairness of the terms of the Business Combination, there can be no assurance that an independent analysis would arrive at the same conclusion. DSC2 relied upon its own substantial business experience and the expertise of its individual members in the areas of mergers and acquisitions, and finance and in evaluating the operating and financial merits of companies from a wide range of industries, and concluded that their experience and expertise, together with the experience and expertise of DSC2's advisors, enabled them to determine the value range of Cabka and whether the terms of the Business Combination are fair to the Shareholders.

Accordingly, there is a risk that DSC2 may be incorrect in its assessment of the Business Combination or the value of Cabka and, as a result, the terms may not be fair from a financial point of view to the Shareholders. As a result, there can be no assurance that Shareholders will receive the value of their investment upon disposition thereof. The lack of a third-party valuation or fairness opinion may also lead an increased number of Shareholders to vote against the proposed Business Combination or demand repurchase of their shares for cash, which could potentially impact DSC2's ability to complete the Business Combination.

The ability of the Shareholders to exercise repurchase rights with respect to a large number of Ordinary Shares could increase the probability that the Business Combination would be unsuccessful.

Completion is conditional upon Shareholder Approval having been granted by the General Meeting, and the Redemption Obligations not exceeding 30% of the initial offering proceeds of EUR 110,000,040. The condition regarding the Redemption Obligations can be waived by DSC2 and RAM.ON Finance jointly.

The waiver of this condition would not trigger a new General Meeting nor a new opportunity for Shareholders to redeem their Ordinary Shares. It is unknown how many Shareholders will ultimately exercise their repurchase rights in connection with the Dissenting Shareholders Arrangement. As such, the Business Combination is structured, in part, based on the expectation of DSC2 (and those of the other parties to the BCA) as to the number of Ordinary Shares that will be submitted for repurchase. In the event that Shareholders exercise repurchase rights with respect to such number of Ordinary Shares that this condition is not met, the Combined Company may be forced to arrange for additional third party financing to be able to satisfy the condition. Raising such additional financing may involve dilutive equity issuances or the incurrence of indebtedness at levels which may be higher than the levels which are ideally in place. Alternatively, the parties to the BCA may waive this condition, resulting in decreased market liquidity of the Ordinary Shares.

If too many of the Shareholders submit their Ordinary Shares for repurchase under the Dissenting Shareholders Arrangement and additional third party financing is not available to the Combined Company, there is an increased probability that the Business Combination turns out to be unsuccessful. If the Business Combination turns out to be unsuccessful, Shareholders will not receive the pro rata portion of the funds in the Escrow Account until the Combined Company liquidates the Escrow Account. If Shareholders are in need of immediate liquidity, they could attempt to sell their Ordinary Shares in the open market; however, at such time the DSC2's Ordinary Shares may trade at a discount to the pro rata amount per Ordinary Share in the Escrow Account. In either situation, Shareholders may suffer a material loss on their investment or lose the benefit of funds expected in connection with repurchase until the Liquidation or until such Shareholders are able to sell their Ordinary Shares in the open market.

Cabka and DSC2 will incur significant transaction-related costs in connection with the Business Combination. Moreover, the costs of achieving the benefits of the Business Combination may be higher than anticipated, and the continuing post-merger integration affecting Cabka's business may not be as expected.

Cabka and DSC2 have both incurred and expect to incur significant costs in connection with completing the Business Combination. DSC2 and Cabka currently estimate that transaction expenses will not exceed EUR 5 million. All transaction costs (including but not limited to advisory, legal, commercial, accounting, financial, due diligence costs and costs relating to the Irrevocable Agreements) of Cabka, RAM.ON Finance and DSC2 and DSC2's running costs will be for the account of, or paid by, the Combined Company. DSC2 and Cabka may also incur unanticipated costs associated with the Business Combination and recurring costs related to the Business Combination being a listed company. These unanticipated and recurring costs may have an adverse impact on the results of operations of the Combined Company following Completion. DSC2 and Cabka cannot provide assurance that the benefits of the Business Combination will offset the incremental transaction costs in the near term, if at all.

The diligence performed by DSC2 in connection with Business Combination may not have revealed all relevant issues and liabilities.

If DSC2's due diligence investigation of Cabka's business was inadequate, then following the Business Combination Shareholders and Warrant Holders could lose (a part of) their investment. Even though DSC2 conducted a due diligence investigation of Cabka's business with the assistance of external advisors, DSC2 cannot be sure that this due diligence investigation uncovered all material issues that may be present inside Cabka's business, or that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside Cabka's business and outside of its control will not arise at a later moment in time.

Whilst conducting due diligence and assessing a potential acquisition, DSC2 was required to rely on information provided by Cabka, third party investigations and public sources. DSC2 relied on this information for the evaluation of Cabka's business model and for the formation of the estimates and projections of potential future performance underlying its decision to enter into the Business Combination. There can be no assurance, however, that the due diligence undertaken with respect to Cabka has revealed all relevant facts that may be necessary to fully and accurately evaluate Cabka, which evaluation includes a fair determination of the consideration payable by DSC2 in connection with the Business Combination, or to formulate a business strategy. Furthermore, the information provided during the due diligence may have been be incomplete, inadequate or inaccurate information or DSC2 may have misunderstood information. If DSC2 was provided with incomplete, inadequate, incorrect or if it misunderstood information, its assumptions and estimates relating to the merits, risks and opportunities of the Business Combination may be inaccurate. In addition, if the due diligence investigation has failed to correctly identify material issues and liabilities that may be present in Cabka, or if DSC2 considers such material risks to be commercially acceptable relative to the opportunity, and DSC2 proceeds with the Business Combination, the Combined Company may subsequently incur substantial impairment charges or other losses effectively meaning that DSC2 has overpaid for Cabka.

In addition, following Completion, the Combined Company may be subject to significant, previously undisclosed liabilities of a target business that were not identified during due diligence and which could contribute to poor operational performance, undermine any attempt to restructure, operate and/or grow the target business in line with the Combined Company's business plan and may materially and adversely affect Cabka's business, financial condition and results of operations.

If the Business Combination is not completed, potential target businesses may have leverage over DSC2 in negotiating a business combination and DSC2's ability and financial resources to conduct due diligence on a business combination as DSC2 approaches its dissolution deadline may decrease, which could undermine DSC2's ability to complete a business combination on terms that would produce value for the Shareholders and the Warrant Holders.

Any potential target business with which DSC2 enters into negotiations concerning a business combination will be aware that DSC2 must complete an initial business combination by 29 November 2022, which term can be extended with six (6) months. Consequently, if DSC2 is unable to complete this Business Combination, a potential target may obtain leverage over DSC2 in negotiating a business combination, knowing that DSC2 may be unable to complete a business combination with another target business by 29 November 2022, subject to an extended period of six (6) months. This risk will increase as DSC2 gets closer to the timeframe described above. In addition, DSC2 may have limited time and less financial resources to conduct due diligence and may enter into a business combination on terms that DSC2 would have rejected upon a more comprehensive investigation.

RISKS RELATING TO TAXATION

The Business Combination may result in adverse tax, regulatory or other consequences for Ordinary Shareholders and/or Warrant Holders which may differ for individual Ordinary Shareholders and/or Warrant Holders depending on their status and residence

It is possible that any transaction structure determined necessary by the Combined Company to complete the Business Combination may have adverse tax, regulatory or other consequences for Ordinary Shareholders and/or Warrant Holders which may differ for individual Ordinary Shareholders and/or Warrant Holders depending on their individual status and residence.

Investors may suffer adverse tax consequences in connection with acquiring, owning and disposing of the Combined Company's Ordinary Shares and/or Warrants

The tax consequences in connection with acquiring, owning and disposing of the Ordinary Shares and/or Warrants may differ from the tax consequences in connection with acquiring, owning and disposing of securities in other entities and may differ depending on an investor's particular circumstances including, without limitation, where investors are tax resident. Such tax consequences could be materially adverse to investors and investors should seek their own tax advice about the tax consequences in connection with acquiring, owning and disposing of the Ordinary Shares and/or Warrants, including, without limitation, the tax consequences in connection with the repurchase of the Shares and whether any payments received in connection with a repurchase would be taxable.

Taxation of returns from assets located outside of the Netherlands may reduce any net return to the Ordinary Shareholders and/or the Warrant Holders

To the extent that the assets, company or business which DSC2 acquires as part of the Business Combination is or are established outside the Netherlands, it is possible that any return DSC2 receives from it may be reduced by irrecoverable foreign withholding or other local taxes and this may reduce any net return derived from a shareholding in the Combined Company by the Ordinary Shareholders and/or the Warrant Holders.

There can be no assurance that the Combined Company will be able to make returns in a tax-efficient manner for the Ordinary Shareholders and/or Warrant Holders

It is intended that DSC2 will structure the holding of the business of Cabka in which it envisages to acquire a stake through the Business Combination with a view to maximising returns for the Ordinary Shareholders and the Warrant Holders. However, taxes may be imposed with respect to any of the Combined Company's assets, income, profits, gains, repurchases or distributions in the Netherlands and/or any other jurisdiction where the business is active, which may impact the net returns to the Ordinary Shareholders and/or the Warrant Holders.

Any changes in laws or tax authority practices could also adversely affect such returns to the Ordinary Shareholders and/or the Warrant Holders. In addition, the Combined Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for the Ordinary Shareholders and/or the Warrant Holders.

Dividends distributed by the Combined Company on Ordinary Shares to certain related parties in low-tax jurisdictions might in the future become subject to an alternative Dutch withholding tax on dividends.

Under current Dutch tax law, dividends paid on the Ordinary Shares are in principle subject to Dutch dividend withholding tax at a rate of 15% under the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*), unless a domestic or treaty exemption or reduction applies.

Additionally, on 11 November 2021, an amendment to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) was published in the Dutch Official Gazette (*Staatsblad 2021, 543*). This legislation will enter into effect (*in werking treden*) on 1 January 2024. As of this date, an additional Dutch withholding tax may apply on certain (deemed) payments of dividends made to an affiliated (*gelieerde*) entity of the Combined Company if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the dividend is attributable, or (iii) is entitled to the dividend payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021. The combined withholding tax rate of the Dutch Dividend Withholding Tax Act 1965 and Dutch Withholding Tax Act 2021 will be equal to the highest Dutch corporate income tax rate, which is 25% in 2021. However, under the Dutch Tax Plan 2022 it is proposed to raise this rate to 25.8% in 2022 and this rate may be increased further in the future.

Changes in tax treaties, laws, rules or interpretations or the outcome of tax audits could have an adverse effect on the Combined Company, its Ordinary Shareholders and/or Warrant Holders or customer demand.

The tax laws and regulations in the jurisdictions in which the Combined Company operates may be subject to change. New tax laws or regulations may be introduced by competent authorities with or without retrospective effect and there may be changes in the interpretation and enforcement of such tax laws or regulations. This is particularly relevant for the Combined Company, as it is affected by tax laws and regulations in several jurisdictions. Also, tax treaties applicable to the Combined Company may be subject to change or termination. As a result, the Combined Company may be adversely affected and face increases in taxes payable, for example, if tax rates increase, if tax laws or regulations are modified in an adverse manner, or if new tax laws or regulations are introduced by the competent authorities, with or without retrospective effect. In addition, tax authorities in the relevant jurisdictions may periodically audit the Combined Company. Tax audits for periods not yet reviewed may consequently lead to higher tax assessments (plus accrued interest and penalties). Any additional taxes or other sums that become due may have a material adverse effect on the Combined Company's business, financial condition, results of operations or prospects.

IMPORTANT INFORMATION

General

This Shareholder Circular has been prepared in connection with the proposed Business Combination. Readers should only rely on the information contained in this Shareholder Circular. DSC2 does not undertake to update this Shareholder Circular and therefore readers should not assume that the information in this Shareholder Circular is accurate as at any date other than the date of this Shareholder Circular. No person is or has been authorised to give any information or to make any representation in connection with the Transaction, other than as contained in this Shareholder Circular. If any information or representation not contained in this Shareholder Circular is given or made, the information or representation must not be relied upon as having been authorised by DSC2, Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors and/or the directors and officers of the aforementioned parties. The delivery of this Shareholder Circular shall, under no circumstances, create any implication that there has been no change in the business or affairs of Cabka since the date of this Shareholder Circular or that the information contained herein is correct as at any time since its date.

Readers are expressly advised that Cabka is subject to risks and that readers should therefore carefully read and review the entire Shareholder Circular, including in particular the section "*Risk Factors*". Readers should not just rely on key information or information summarised within this Shareholder Circular. Readers should consult their own advisers as to the consequences of the purchase, ownership and disposal of the Ordinary Shares and/or Warrants.

The content of this Shareholder Circular should not be construed as business, legal or tax advice. It should not be considered as a recommendation by any of DSC2, Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors or the directors and officers of the aforementioned parties that any recipient of this Shareholder Circular should purchase any Ordinary Shares and/or Warrants. None of DSC2, Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors and the directors and officers of the aforementioned parties is making any representation to any prospective investor regarding the legality of an investment in the Ordinary Shares and/or Warrants by such reader under the laws and regulations applicable to such reader.

No representation or warranty, express or implied, is made or given, and no responsibility is accepted, by, or on behalf of Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors and the directors and officers of the aforementioned parties, as to the accuracy, fairness, verification or completeness of the information or opinions contained in this Shareholder Circular, or incorporated by reference herein, and nothing in this Shareholder Circular, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors and the directors and officers of the aforementioned parties, as to the past or future. None of Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors or the directors and officers of the aforementioned parties in any of their respective capacities in connection with the Transaction, accepts any responsibility whatsoever for the contents of this Shareholder Circular or for any other statements made or purported to be made by either itself, or on its behalf. Accordingly, DSC2, Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors and the directors and officers of the aforementioned parties disclaim, to the fullest extent permitted by applicable laws and regulations, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Shareholder Circular and/or any such statement.

This Shareholder Circular may not be used for, or in connection with, and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Ordinary Shares and/or Warrants in any jurisdiction. Persons in possession of this Shareholder Circular are required to inform themselves about and to observe any such restrictions. Neither DSC2 nor Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors or the directors and officers of the aforementioned parties accept any

responsibility for any violation by any person, whether or not such person is a prospective purchaser of the Ordinary Shares and/or Warrants, of any of these restrictions.

Each person receiving this Shareholder Circular acknowledges that such person has relied only on the information contained in this Shareholder Circular, and no person has been authorised to give any information or to make any representation concerning Cabka (other than as contained in this Shareholder Circular and information given by Cabka's duly authorised officers and employees in connection with such person's examination of Cabka and the terms of the Transaction) and, if given or made, any such other information or representation should not be relied upon as having been authorised by DSC2, Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors or the directors and officers of the aforementioned parties.

Responsibility Statement

This Shareholder Circular is made available by DSC2, and DSC2 accepts sole responsibility for the information contained in this Shareholder Circular. DSC2 declares that to the best of its knowledge, the information contained in this Shareholder Circular is in accordance with the facts and makes no omission likely to affect its import.

Presentation of Financial and Other Information

Historical Financial Information

Unless otherwise indicated, financial information contained in this Shareholder Circular has been prepared in accordance with German GAAP.

In this Shareholder Circular, the term **Financial Statements** refers to the audited consolidated financial statements of the Company as at 31 December 2020, 31 December 2019 and 31 December 2018 and for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the notes thereto. In this Shareholder Circular, the term **Interim Financial Information** refers to the financial information of Cabka as at 30 September 2021 and 30 September 2020 and in relation to the nine months ended 30 September 2021 and 30 September 2020, as included in this Shareholder Circular.

The Financial Statements have been audited by the current accountant of Cabka, BANSBACH GmbH (**Bansbach**), independent auditors, as stated in their report appearing herein. Bansbach will perform the 2021FY audit and will continue to be involved by the group companies of the Combined Company going forward, by means of providing advisory services. The Financial Statements are included in this Shareholder Circular beginning on page 139.

Alternative Performance Measures

This Shareholder Circular contains non-German GAAP financial measures, which are not liquidity or performance measures under German GAAP, and which Cabka considers to be alternative performance measures (**APMs**). These APMs are presented in addition to the figures that are prepared in accordance with German GAAP and include Revenue, Gross Margin and Underlying EBITDA (each as defined below). DSC2 provides these APMs and other key metrics because it believes that they provide investors with additional information to measure the operating performance of Cabka and to enhance the investors' understanding of Cabka's results. Such APMs may vary from APMs used by other companies in Cabka's industry. The measures used should not be considered as an alternative to profit (loss), revenue or any other performance measure derived in accordance with German GAAP or to net cash provided by operating activities as a measure of liquidity. APMs have limitations as analytical tools over and above the limitations of any German GAAP performance measures and should not be considered in isolation or as substitutes for analysis of the results of Cabka, as reported under German GAAP. Such APMs may include or exclude amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with German

GAAP. Their usefulness is therefore subject to limitations, which are described below. In particular, other companies in the industry may define APMs, used herein, differently, which may make it difficult to compare the performance of those entities to the performance of Cabka, based on similarly named measures. In addition, the exclusion of certain items from APMs does not imply that these items are necessarily non-recurring.

APMs should be considered in conjunction with the Financial Statements prepared in accordance with German GAAP. Although certain of these measures have been extracted or derived from the Financial Statements, this data has not been audited or reviewed by any auditor. The following discussion provides definitions of APMs. See "*Selected Consolidated Financial Information—Alternative Performance Measures*" for a reconciliation of the non-German GAAP measures included below to their most directly comparable German GAAP measures. APMs used in this Shareholder Circular are defined and should be read as follows:

Revenue as total sales for the period, adjusted for one-off settlements with large customers resulting in positive sales impact.[1] Revenue is used to measure Cabka's underlying top-line growth year on year. It provides for a better understanding of Cabka's underlying growth excluding one-off items;

Gross Profit as Revenue (as defined above) for the period plus changes in inventory, own work capitalised and other operating income for the period, minus raw material costs, energy costs and purchased services. Gross Profit is used by Cabka to measure its Revenue performance minus direct costs on a product (group) and on company level. Gross Profit does not include labour cost allocation as is sometimes the case by other companies in the industry;

EBITDA as profit for the period before depreciation and amortisation of intangible fixed assets and tangible fixed assets, interest expenses and income, taxes and virtual share option plan accruals. EBITDA provides insight in Cabka's operating results without the impact of the form of financing (by ignoring interest expenses and income), political jurisdictions (by ignoring tax) and takeover history (by ignoring amortization). Cabka's virtual share option plan is also ignored since this plan will be settled at Completion;

Underlying EBITDA as EBITDA (as defined above), with figures being adjusted for non-recurring items. Cabka believes Underlying EBITDA provides the most relevant measure in evaluating the underlying operating performance of Cabka since it shows core business operating results without the impact of the form of financing (by ignoring interest expenses and income), political jurisdictions (by ignoring tax), takeover history (by ignoring amortization) and non-recurring items. Cabka's virtual share option plan is also ignored since this plan will be settled at Completion;

IFRS Adjusted Underlying EBITDA as Underlying EBITDA (as defined above), adjusted for estimated IFRS impact as a result of the conversion of German GAAP to IFRS reporting standards. Since Cabka will become a listed company as of Completion and will report under IFRS instead of German GAAP thereafter, it is believed to be relevant to show the IFRS Adjusted Underlying EBITDA metric. Since Cabka has not performed a full IFRS conversion yet, this metric is based on a high level impact assessment by KPMG on IFRS-15 (revenue recognition) and IFRS-16 (lease liabilities). These two IFRS items are considered to have the largest impact on Cabka's financial statements;

Gross Margin as Gross Profit (as defined above) divided by Revenue (as defined above). Gross Margin provides insights in the profitability of Cabka of Revenue minus direct costs such as raw material and energy costs. Gross Margin gives a feel for the quality of the Revenue and direct costs over time;

Underlying EBITDA Margin as Underlying EBITDA (as defined above) divided by Revenue (as defined above). This measurement is relevant in evaluating the balance of Gross Margin in any year with the operating expenses related to this Gross Margin;

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[1] For all periods Revenue equals sales except for 2018, in which a large settlement took place.

IFRS Adjusted Underlying EBITDA Margin as IFRS Adjusted Underlying EBITDA (as defined above) divided by Revenue (as defined above). This measurement is relevant for evaluating the balance of Gross Margin in any year with the operating expenses related to this Gross Margin, measured under IFRS;

Capital Expenditures as the expenses incurred by the company for acquiring, upgrading or maintaining tangible assets like plants, machinery and buildings. This measurement is relevant for evaluating the cash-out with respect to Cabka's asset base;

Maintenance and Replacement Capital Expenditures as the expenses incurred by the company that are related to the maintenance and replacements of assets like plants, machinery and buildings. This measurement is relevant for evaluating the cash-out with respect to maintaining and keeping the state of Cabka's asset base in good shape;

Growth Capital Expenditures as the expenses incurred by the company that are related to purchase of assets like plants, machinery and buildings in relation to future growth. This measurement is relevant for evaluating the cash-out with respect to growth of Cabka's asset base beyond Maintenance and Replacement Capital Expenditures;

Maintenance and Replacement Capital Expenditures as a percentage of revenue as Maintenance and Replacement Capital Expenditures (as defined above) divided by Revenue (as defined above). This metric is relevant for evaluating the level of maintenance and replacement of Cabka's asset base as a percentage of Revenue. In addition it can be used for the evaluation of the potential for conversing EBITDA, Underlying EBITDA and/or IFRS Adjusted Underlying EBITDA into cashflow;

Net Working Capital (excluding cash and cash equivalents) as trade accounts receivables plus inventories net of trade accounts payables; and

Net Working Capital (excluding cash and cash equivalents) as a percentage of revenue as net working capital (excluding cash and cash equivalents) (as defined above) divided by Revenue. This metric is relevant for evaluating the level of working capital as a percentage of Revenue. In addition it can be used for the evaluation of the potential for conversing EBITDA, Underlying EBITDA and/or IFRS Adjusted Underlying EBITDA into cashflow.

Rounding and Negative Amounts

Certain figures in this Shareholder Circular, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in tables may not be an exact arithmetic aggregation of the figures which precede them.

In preparing the financial information included in this Shareholder Circular, most numerical figures are presented in thousands of euro. For the convenience of the reader of this Shareholder Circular, certain numerical figures in this Shareholder Circular are rounded to the nearest million or thousand, as applicable. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in tables may not be an exact arithmetic aggregation of the figures which precede them.

The percentages (as a percentage of revenue or costs and period-on-period percentage changes) presented in the textual financial disclosure in this Shareholder Circular are derived directly from the financial information included elsewhere in this Shareholder Circular. Such percentages may be computed on the numerical figures expressed in millions of Euro. Therefore, such percentages are not calculated on the basis of the financial information in the textual disclosure that has been subjected to rounding adjustments in this Shareholder Circular.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts are shown by "-" or "negative" before the amount.

Currency

In this Shareholder Circular, unless otherwise indicated: all references to "euro" or "€" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time, and all references to "USD" or "$" are to the lawful currency of the United States.

Market and Industry Information

All references to market share, market data, industry statistics and industry forecasts in this Shareholder Circular consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of Cabka's own assessment of its sales and markets. Statements based on Cabka's own proprietary information, insights, opinions or estimates contain words such as 'believe', Cabka believes', 'expect', 'Cabka expects', 'see', 'Cabka sees', and as such do not purport to cite, refer to or summarise any third party or independent source and should not be so read.

This Shareholder Circular also contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Cabka's business and markets. The information in this Shareholder Circular that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as DSC2 is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Shareholder Circular, the source of such information has been identified.

In this Shareholder Circular, statements are made regarding Cabka's competitive and market position. DSC2 believes these statements to be true, based on market data and industry statistics, but DSC2 has not independently verified the information. DSC2 cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, Cabka's competitors may define their markets and their own relative positions in these markets differently than Cabka does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with Cabka's figures.

Information regarding Forward-Looking Statements

This Shareholder Circular includes forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Cabka's and the Combined Company's control and all of which are based on Cabka's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "aim", "annualised", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "goal", "hope", "intend", "may", "objective", "plan", "position", "potential", "predict", "project", "risk", "seek", "should", "target", "will" or "would" or the highlights or the negatives thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Shareholder Circular and include statements that reflect Cabka's, RAM.ON Finance's and/or DSC2's intentions, beliefs or current expectations and projections about the Combined Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which Cabka operates. In particular, the statements under the headings "*Risk Factors*", "*Business*" and "*Operating and Financial Review*" regarding Cabka's and/or the Combined Company's strategy, targets, expectations, objectives, future plans and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Shareholder Circular regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Combined Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Risks and uncertainties that could cause the Combined Company's actual results to vary materially from those anticipated in the forward-looking statements included in this Shareholder Circular include those described under "*Risk Factors*".

Forward-looking statements include, among other things, statements relating to:

- the Combined Company's strategy, outlook and growth prospects;
- the Combined Company's liquidity, capital resources and capital expenditure requirements;
- the Combined Company's expectations as to future growth in demand for the Combined Company's services;
- the Combined Company's financial and operational performance medium-term objectives;
- the Combined Company's future revenue;
- the Combined Company's future Underlying EBITDA and Gross Margin;
- the Combined Company's future ability to contract additional employees and customers;
- changes in general economic conditions and capital markets; and
- actions of competitors and customers.

Forward-looking statements in this Shareholder Circular speak only as of the date of this Shareholder Circular. Except as required by applicable laws and regulations, each of DSC2, Cabka, the Cabka Shareholders, their respective affiliates and representatives, their respective advisors and the directors and officers of the aforementioned parties expressly disclaims any obligation or undertaking to update or revise the forward-looking statements contained in this Shareholder Circular to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based.

Defined Terms

This Shareholder Circular is published in English only. Definitions used in this Shareholder Circular are defined in the sections "*Defined Terms*".

BUSINESS

Market

The information presented in this section is taken or derived from the sources identified in this section. In addition, certain statements below are based on Cabka's own proprietary information, insights, opinions or estimates and not on any third party or independent source. These statements contain words such as 'believe', 'expect', 'see', and as such do not purport to cite, refer to or summarise any third party or independent source and should not be read this way.

Cabka is a leading integrated circular production company, focussed on providing pallets and large containers to a wide range of industries and customers from the Automotive, Chemical, Food & Beverage, Pharma, Pooling and Retail industries across Europe and North America.

This section provides an overview of the relevant industry developments for Cabka. It describes the relevant pallet and large containers markets, the impact of (recycled) plastic within these markets and the global trends supporting the shift from wooden and corrugated paper (status quo) towards recycled plastic product solutions. This section also describes the competitive landscape in which Cabka operates.

Reusable transport packaging

Reusable packaging products are used during transport, storage and distribution within a single operation or entire supply chain. From raw material to finished products, reusable packaging solutions are an efficient and safe manner for transportation of both materials and products along different points within a supply chain. The products are designed for multiple trip applications in a closed-loop environment and/or complex and well-managed supply chains. They are also regularly used in managed open-loop systems, including reverse logistics to return empty transport packaging products such as pallets or large containers for re-use or replenishment. Product categories include pallets, large containers, small containers, boxes, divider sheets and protective dunnage. Cabka focuses on two main segments within this market, being pallets and large containers.

Market dynamics Pallets and Large Containers

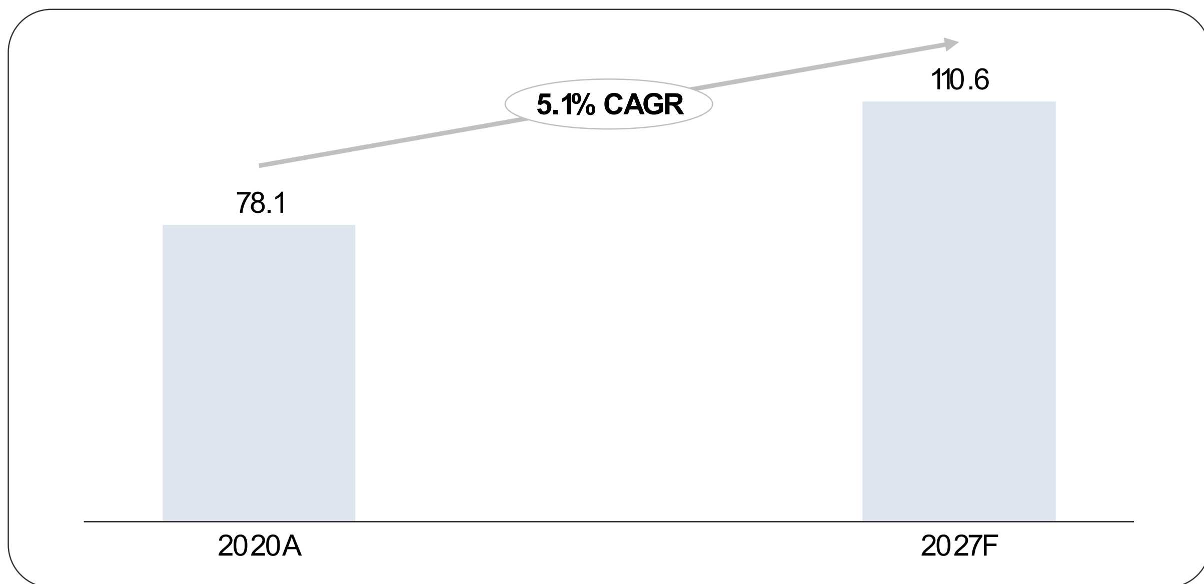
Global size

The global pallet market was estimated at approx. $78.1 billion in 2020, and is expected to grow to approx. $110.6 billion in 2027 at a cumulative average growth rate of 5.1%. The global large container market is estimated at approx. €50 billion (as per 2020)[2], with growth in the coming years believed to be above global pallet market growth.

The main driver for the envisaged growth in both the pallet and large container market is a changing supply chain landscape, driven by amongst others the rise of e-commerce, resulting in shorter supply cycles. In turn, these are characterized by increasing pallet and large container movements and decreasing average cargo weight per movement.

[2] The exact market size of large containers is difficult to determine due to intransparancy of the corrugated paper segment.

Figure 1: Global pallet market 2020-2027 in billion USD[3][4]



Status quo: pallets and large containers

Currently, approx. 94% of all produced pallets comprise wooden pallets, with other main material categories being plastic, corrugated paper and metal. For years, the wooden pallet has served as a feasible transport packaging solution as a result of the abundant feedstock availability, simple production process and most importantly attractive pricing compared to other solutions. Similarly, currently approx. 75% of all produced large containers are corrugated paper, with other significant material categories being plastic, wood and metal. However, two global forces are now reshaping the global pallet and large container industry and impact the material type preferred by customers.

Supply chain rationalization

The aforementioned supply cycle dynamics have resulted in companies reconsidering their complete logistics chain, as the strategic relevance of logistics chains has substantially increased and these have even become a key differentiator driving businesses' success. Subsequently, this is driving the need for innovative, customized solutions that fit well within these logistics chain designs. Furthermore, an accelerated shift towards fully automated warehousing results in zero tolerance for system failure, thus requiring transport packaging solutions with minimal breakage or damage rates. Additionally, businesses are eyeing maximum logistics chain efficiency, implying reducing handling and cleaning time and simultaneously optimizing transportation and lowering costs. These trends also translate to pallet pooling companies, whose pallet purchasing behaviour is based on both their customers' needs and costs of ownership. Pooling companies operate a closed loop and therefore benefit from long-lasting, high-quality pallets. These poolers are increasingly shifting towards plastics, with larger players integrating plastic into their strategy. Finally, Cabka observes an increasing demand for more hygienic pallet solutions (e.g. no fibre contamination, mould, dust, splinters, etc.).

Plastic pallets and large containers are a suitable solution when it comes to enhancing supply chain efficiency and hygiene. A select number of advantages are outlined in this paragraph. Firstly, and specifically for large containers, they offer immediate supply chain efficiencies by integrating the functions of a pallet and a corrugated box. Secondly, plastic can be formed into any shape so the products are nestable and stackable which results in efficient use of transport, container and warehouse space. Thirdly, plastic pallets and large containers can be used in automated warehouses and allow for better integration with track and trace technologies. Additionally, humidity and water do not affect plastic pallets or foldable large containers so they remain

3 Source: Allied Market Research, Pallets Market March 2021.
4 Including pallet services, such as pooling.

unchanged in weight, dimension and performance while wooden pallets and specifically corrugated boxes deteriorate in terms of performance and become heavier. Also, plastic transport packaging is easier and quicker to clean, since it accepts both water and other cleaning products. Furthermore, as plastic is an impermeable material, it does not allow the introduction of parasites or bacteria, which makes it much more hygienic versus both wooden and corrugated paper and makes it an ideal logistic solution in the food industry. Likewise, it does not require phytosanitary treatments such as those regulated by the ISMP-15 for export, which simplifies the process and avoids incidents. Finally, hygiene requirements are also affected by the fact that both wooden pallets and corrugated boxes create potential contaminations through wood shavings and particles that can negatively impact air and automatic systems in highly automated warehouse systems or the quality of the product.

Sustainability

In addition to the supply chain rationalization trend, an obvious trend towards increased sustainability is observable. Sustainability has become part of the core of both corporate and regulatory agendas and follows from increasing public scrutiny since the Paris Agreement. This agreement, which entered into force on 4 November 2016 after being adopted by 196 parties at the twenty-first session of the Conference of the Parties (COP) in Paris, is a legally binding international treaty on climate change. Its goal is to limit global warming to well below 2, preferably to 1.5, degrees Celsius compared to pre-industrial levels. In November 2021, the 26th COP took place in Glasgow and received huge press attention, with both political leaders and for the first time also companies urging the change to a more sustainable world. In the end it takes companies and consumers to ensure these climate change goals are adopted.

More specifically for Cabka, these developments shift corporate agendas to circular business models and result in a strong interest in sustainable products, reusability, recyclability and recycled materials, with a high residual value.

This all drives more intelligent product developments for pallets and containers which fit in the circular economy and are designed lighter with better functionality.

Similar to the supply chain rationalization trend, the (recycled) plastic segment of the pallet and large container market will benefit from the sustainability trend, as (recycled) plastic has a substantial lower CO2 footprint for most applications compared to the status quo feedstock (i.e. wood/corrugated paper). An important consideration for achieving a lower environmental footprint is the number of trips a plastic pallet can make. When designed and built for durability and when used in optimal conditions, plastic pallets can make as many as 100 trips through the supply chain. The lifespan of an average wood pallet, meanwhile, is typically much shorter; wood pallets will last for a maximum of 15 to 20 trips, with significant repairs required after every three or four trips. In addition, (recycled) plastic product solutions can be tailored to customer need which can further decrease CO2 footprint (e.g. smaller pallets, nestable pallets). Logically, recycled plastic transport packaging outperforms virgin plastic packaging in terms of lowering CO2 footprint as a result of being manufactured out of waste streams rather than virgin material. Therefore, Cabka’s market segment of recycled plastics is envisaged to demonstrate the fastest growth over the 2020-2027 period, as it is the solution that can truly meet customers’ need to transition towards a circular business model while offering equal benefits as virgin plastics in terms of supply chain optimization.

Material prices as additional tailwind for accelerated transition towards recycled plastic

Complementing the above trends is the steadily increasing price of wooden pallets, substantially accelerated by the recent significant increase in wood prices across both the EU and North America as a result of supply shortages and supply chain disruptions caused by COVID-19. Cabka believes this trend will accelerate the shift from wood as status quo material towards the recycled plastics segment

Figure 2: Indicative development of pallet timber prices in six European countries[5]

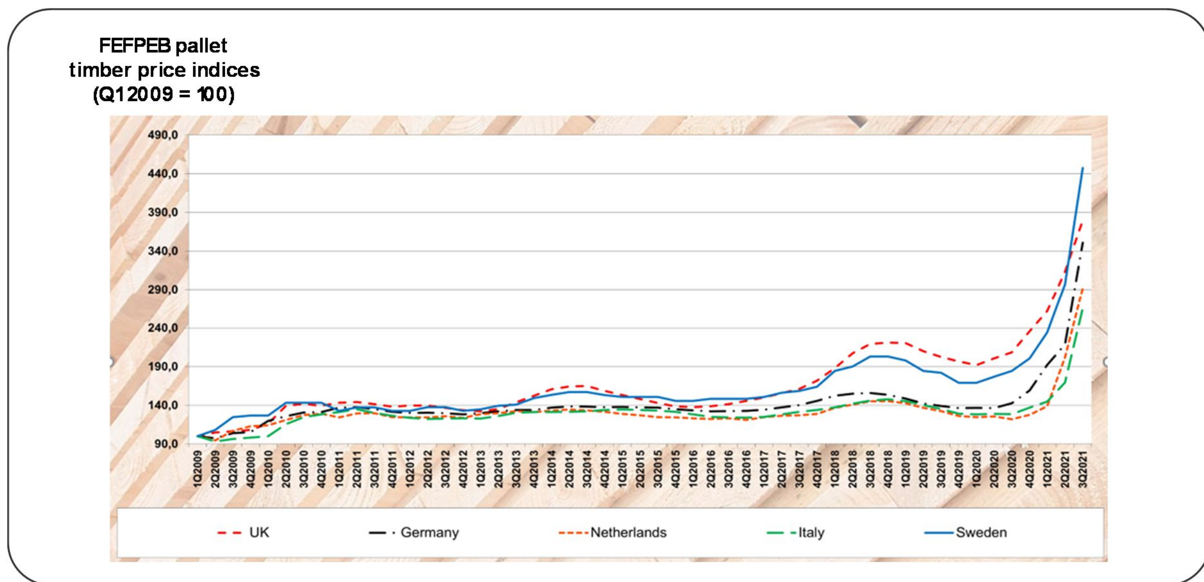
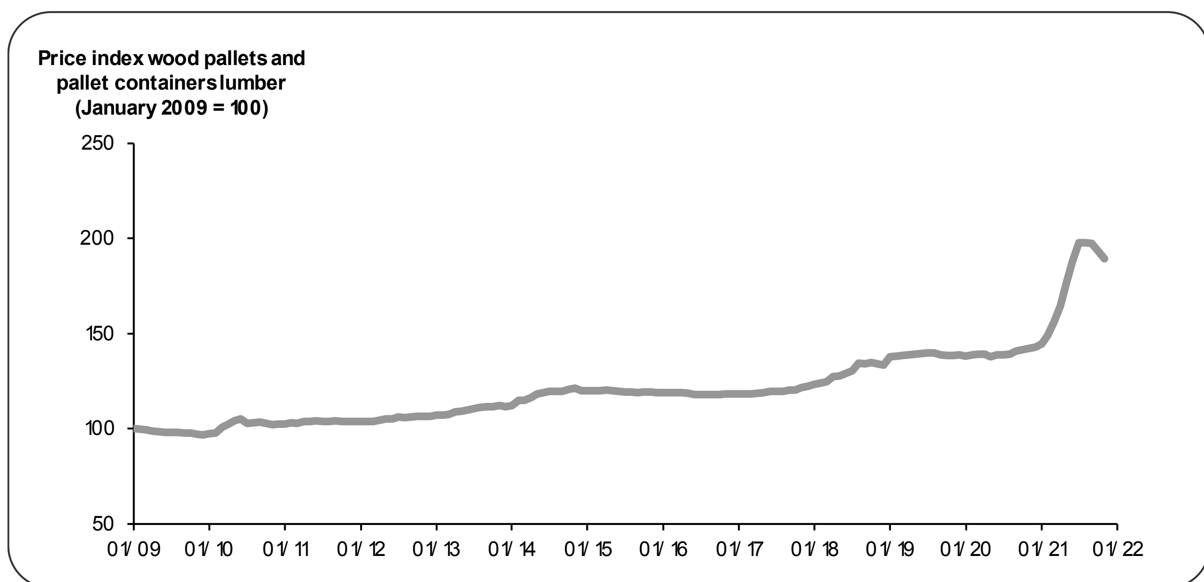


Figure 3: Indicative development of wood pallets and pallet containers in North America based on US data[6]



Addressable market for Cabka

Cabka defines its addressable market as the total pallet and large container market in Europe and North America. While the Asia-Pacific market is estimated to amount to approx. 45% and 50% of the total pallet and large container market respectively, Cabka follows a dedicated strategy focused on creating market-leader positions in its key market segments. The addressable market in Cabka's key market segments, Europe and North America, for both pallets and large containers is sizeable, currently representing over one billion new pallets and approx. 650 million large containers produced per year respectively (approx. 50/50 split between the EU and North America for pallets and approx. 40/60 split for large containers). Plastic penetration rates are believed to be only 5.5% (pallets) to 2% (large containers). These figures translate into a current plastic pallet market estimated at a value of approx. €1.25 billion (approx. €550 million EU vs approx. €700 million North

[5] FEFPEB Pallet timber price indices Q3 2021, rebased to Q1 2009 = 100

[6] FRED Graph Observations, Federal Reserve Economic Data, Producer Price Index by Commodity: Wood Pallets and Pallet Containers, rebased to January 2009 = 100.

America) and an estimated €1.0 billion for large containers (approx. €400 million EU vs approx. €600 million North America), indicating a total addressable market potential of €2.25 billion when only considering the plastic segment. Cabka is perfectly positioned to compete in these blue ocean markets and expand its business in this addressable market significantly, with ample room for further expansion of the addressable market itself as well resulting from demand outside the plastic segment. For example, a clear trend in the EU is observable from metal wire gitterboxes towards foldable plastic containers, mainly as a result of efficiency gains in (return) logistics (volume, weight) and quality. Likewise, North American plastic market share is envisaged to grow significantly on the back of replacement of corrugated paper solutions by plastic.

Competitive position Cabka

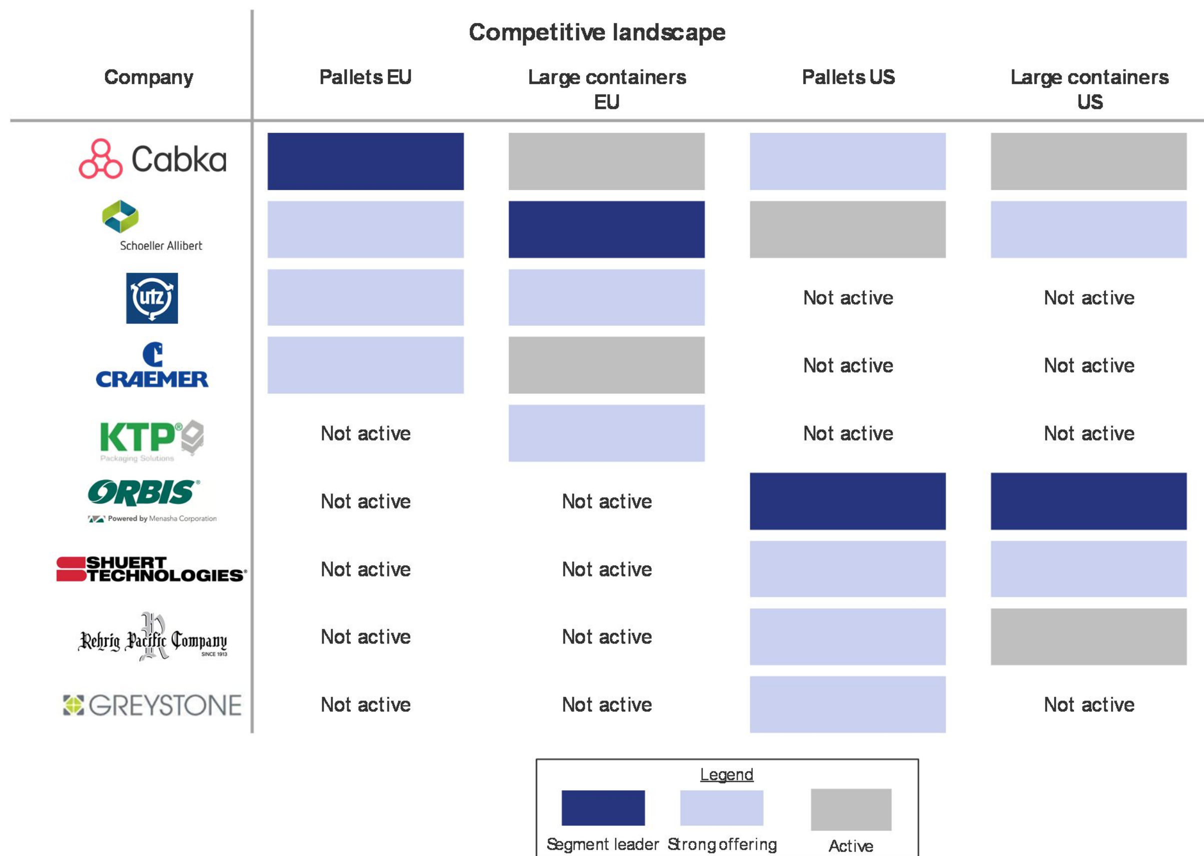
The competitive landscape Cabka operates in, Europe and North America, is characterized by a handful of sizeable players in a fragmented market, the latter being most applicable in the European market. Being part of the few meaningful players allows for consistent, substantial investments into R&D, new material formulations, processing and production technologies, which is critical in efficiently developing innovative product solutions.

Cabka is one of the few players with coverage of both the EU and North American markets. Cabka holds a market leading position in the EU pallet market (volume-based) and additionally has a significant position in the large container market. In North America, Cabka has established a significant position in the US pallet market and has recently started to gain a foothold in the large container market based on development of a number of customized solutions.

Further to its significant position in its key markets, Cabka is at the forefront of sustainability, with an approx. 90% share of recycled product input, focusing on both recyclability, reusability and new material formulations based on recycled materials, whereas competitors mainly focus on reusability at end-of-life (extending the product's lifetime). This provides Cabka with a strong competitive position, especially leveraging the increasing demand for truly sustainable solutions.

Cabka shall endeavour to continue to be successful going forward based on its attractive market position, supportive trends in its segment of recycled plastics and product design capabilities resulting in unique customized solutions. The strategy focused on further creating market-leading positions in these key markets, is elaborated upon in section "*Business - Strategy*".

Figure 4: Competitive position in Cabka's key markets[7]



Overview

Cabka is in the business of recycling plastics from post-consumer and post-industrial waste into innovative reusable pallets- and large container solutions, enhancing logistics chain sustainability. Based on over 25 years' experience as a dedicated family business, Cabka is leading the industry in its integrated approach closing the loop from waste, to recycling, to manufacturing. Backed by its own innovation center and in-house developed patented expertise to recycle, process and produce its products, it has the rare industry knowledge, capacity and capability to maximise the use of recycled plastics by bringing it back in the production cycle at attractive returns. Cabka employs over 700 people and has production facilities in Europe and the United States.

Cabka has broad expertise with regard to the development of products made of recycled plastic and has developed into a leading player for customer-specific plastic solutions divided in different company sections over the past years. "*Material Handling*" focuses on both the development and manufacturing of pallets for logistics in general and for warehouses. "*ECO Products*" focuses on sustainable products fully made of recycled plastics. ECO products are used in road construction, traffic safety systems and gardening.

Cabka's product portfolio hence shows a superior cost and carbon profile and includes over 150 types of pallets, containers and ECO products serving blue-chip clients in the Food & Beverage, Retail, Automotive, Chemical, Pharma, and Pooling industries in more than 80 countries, mainly in European and US key markets. Over 85% of Cabka's revenues is recurring by nature, based on innovative customized solutions deeply embedded in its customer's core logistics chain.

For the longer term Cabka sees two global forces, logistic chain rationalization and sustainability. These forces reshape the industrial plastic packaging market, driving increased demand to replace wood by reusable and

[7] Orbis is active in the EU through Cabka.

recyclable plastics. Cabka is fully equipped to exploit the full value chain from waste to end-products as it distinguishes itself being able to integrate the entire recycling-to-production chain in a one-of-a-kind process, significantly lowering customer's costs and carbon footprint.

Cabka's position is based on a consistent focus on R&D creating intellectual property, providing Cabka's competitive edge through in-house developed, patented expertise. Its strong regional focus has ample room for growth with some 20% spare capacity in current facilities.

Figure 5: Cabka at a glance

History

The company that is today known as Cabka was incorporated in 1994 in Weira (Germany) by its founder Mr. Gat Ramon. At that time, the company started out under the name Recover Systems with the compacting of mixed plastics for utilization at the SVZ Schwarze Pumpe. The utilization center for Secondary Raw Materials Schwarze Pumpe GmbH (SVZ) was a group of plants for the material and energetic utilization of solid, liquid and pasty waste containing hydrocarbons.

In the following years, Cabka developed technologies for processing difficult mixed plastics, with the aim of making products from these recycled plastics. Cabka established itself as a pioneer in the recycling of post-consumer and post-industrial mixed-plastic waste.

In 1998, Cabka acquired Cabka Plast, which was established in 1977 in Eppingen (Germany). Cabka Plast was integrated into the Weira site and contributed its experience in processing recycled plastic into product solutions. At this time the company designed and produced the first lightweight, nestable plastic pallets made from recycled materials, and begins selling these on the international market.

In 1999, the Cabka's own toolmaking shop was added. From then on, all products could be manufactured under one roof - from the extraction of the raw material to the development and manufacture of the tools, right through to production.

In 2006 the name of the entire group was changed to Cabka.

Already in 2003, Gat Ramon founded the subsidiary Cabka North America in Chicago. Following substantial growth in revenue and product portfolio and in response to the high demand for Cabka products, Cabka started

recycling and production in the United States in 2005. Later in 2007 Cabka opens a full-service recycling and production plant near St. Louis, Missouri.

In 2008, Cabka continues its expansion strategy by opening a sales office and warehouses in Valencia, Spain.

In 2013, Cabka acquires Belgium-based Innova Packaging Systems (IPS), a manufacturer of plastic pallets and pallet boxes to become the Cabka Group. Thanks to their product portfolios, Cabka and IPS complement one another optimally to form a broad-based provider of plastic pallets and pallet boxes. Both companies have successfully found niches in terms of their market positions – Cabka with its particular focus on lightweight nestable pallets; IPS with its concentration on high quality pallets for pooling and intralogistics. The companies not only complement one another well in terms of their product portfolios, but are also a good geographical fit. While Cabka has a strong presence in Germany (Weira, Berlin), North America (St. Louis) and Spain (Valencia), Belgium-based IPS (Ieper) serves the Benelux countries – with their strong focus on logistics – as well as the UK, Ireland, France and Spain.

After successfully integrating the IPS acquisition, Cabka continues its acquisition strategy through the acquisition of Belgium-based plastic pallet producer Eryplast in 2015. Integrating Eryplast expands Cabka’s product portfolio, particularly in the field of multi-use logistics pallets. Moreover, the group's recycling capacity increases with the new location in Herstal.

In 2016, having secured a significant footprint expansion in production, Cabka expands its raw material supply and further develops its approach to the circular economy by taking over Systec Mixed Plastics (SMP), located in Genthin. As part of Duales System Holding (Grüner Punkt), SMP manufactures agglomerates made of mixed plastics from commercial and municipal collection.

In 2018, following increasingly faster changing market dynamics and thereby customer needs, Cabka opens a state-of-the-art innovation center in Valencia, Spain, to drive technological developments in new material formulations, innovative processing technologies, and recycle-based product design. An important factor for this location is the Polytechnic University in Valencia. Due to the proximity, Cabka is not only counting on research collaboration, but also on promoting young talent.

Selected significant corporate events since 1994

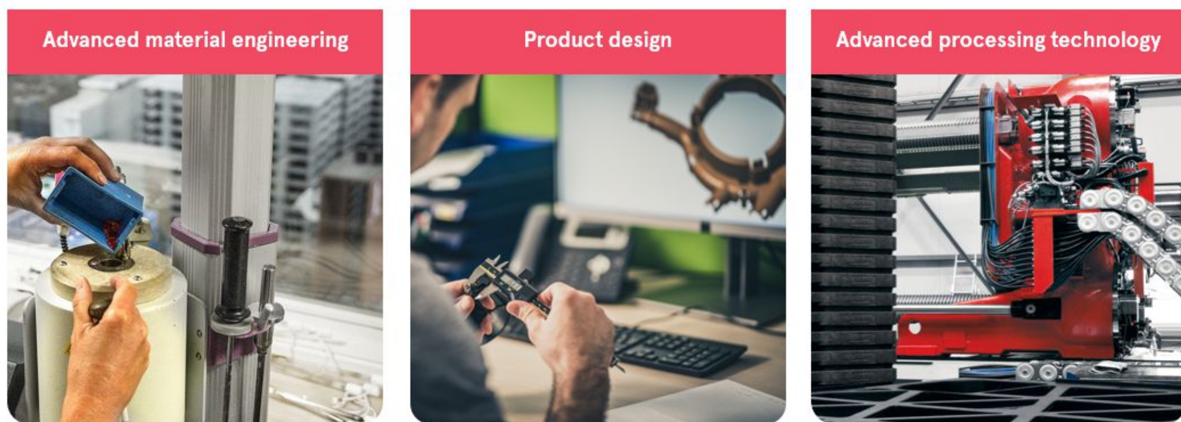
Year	Description
1994	Incorporation of Cabka
1998	Start selling first recycled plastic pallet
2005	Start operations in the US
2008	Opening of sales office and production facility in Valencia (Spain)
2012	Opening of the headquarters in Berlin (Germany)
2013	Acquisition of IPS in Ieper (Belgium), expanding geographical footprint to Belgium, product portfolio and market diversification
2013	Start of sourcing mixed plastic waste from the Netherlands
2015	Acquisition of plastic pallet producer Eryplast (Belgium)
2016	Acquisition of plastics recycling site in Genthin (Germany)
2018	Start of cooperation with a contract manufacturer in Germany
2018	Start of cooperation with a contract manufacturer in Spain
2018	Opening of state-of-the-art innovation center in Valencia (Spain)

Key Strengths

Cabka's main competitive strengths are the following:

Frontrunner in innovation allows for continuous flow of innovative high-impact solutions to market

Since its incorporation over 25 years ago, Cabka has gathered an extensive track-record of bringing innovative solutions to the market, with many of these have ended up becoming industry standards. For example, many beverage and pooling pallets have become the gold standard in the industry (the Keg S9, BPP i9, Endur i7.2, Heilbronner H7, and the retail series). More specifically, the Heilbronner H7 pallet has made the status quo within the network of a leading European retailer obsolete. In late 2018, Cabka initiated its innovation center in Valencia, thereby centralizing all R&D efforts in one place and in fact integrating all expertise under one roof. More than 40 R&D specialists focus on innovations in three main areas:



- Advanced material engineering – Cabka operates a recycled material lab that enables continuous testing of material characteristics. This has resulted in a truly one-of-kind database of >3,000 recycled materials and material formulations. To put things in perspective, Cabka currently is the only market player proven capable of establishing such database and thereby has access to virtually endless possibilities of input materials, while others need to rely on external parties' expertise for material engineering.

- Product design – Leveraging on access to its extensive material database, Cabka is able to design and simulate products meeting the exact needs of customers across various sectors, be it load-bearing capacity, size or carbon footprint. While it may seem rather simple to reproduce Cabka's solutions for competitors, both tailored moulds and product design intellectual property prevent this. Firstly, Cabka develops tailored moulds required to produce the relevant product, which requires both a significant investment and time effort and makes copying of a solution based solely on product design hard. Secondly, and specifically for the customized solutions category, Cabka also owns the product design intellectual property, further increasing competitive edge.

- Advanced processing technology – Complementing the abovementioned R&D efforts is Cabka's proprietary in-house developed recycling, sorting and processing technology and sequence. This provides Cabka with an opportunity to process low value waste streams rather than purchasing virgin input materials, thereby securing part of its feedstock at negative costs while substantially improving its products' carbon footprint. Furthermore, Cabka has developed a production process blueprint that perfectly accommodates for advanced moulding technologies such as low-pressure and multiple moulding. Additionally, Cabka operates a department capable of conducting in-house adjustments to the moulding machines, optimizing production.

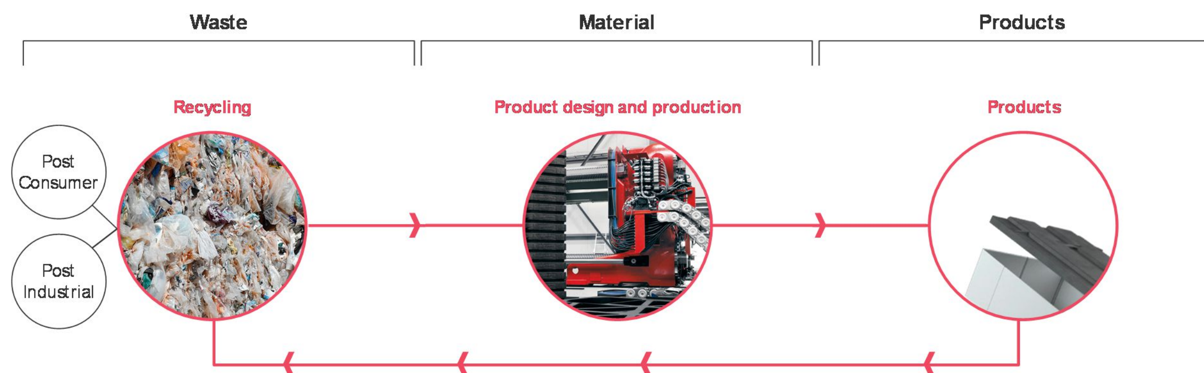
These advanced technologies hold several benefits, ultimately relating back to competitive position, production output and margins:

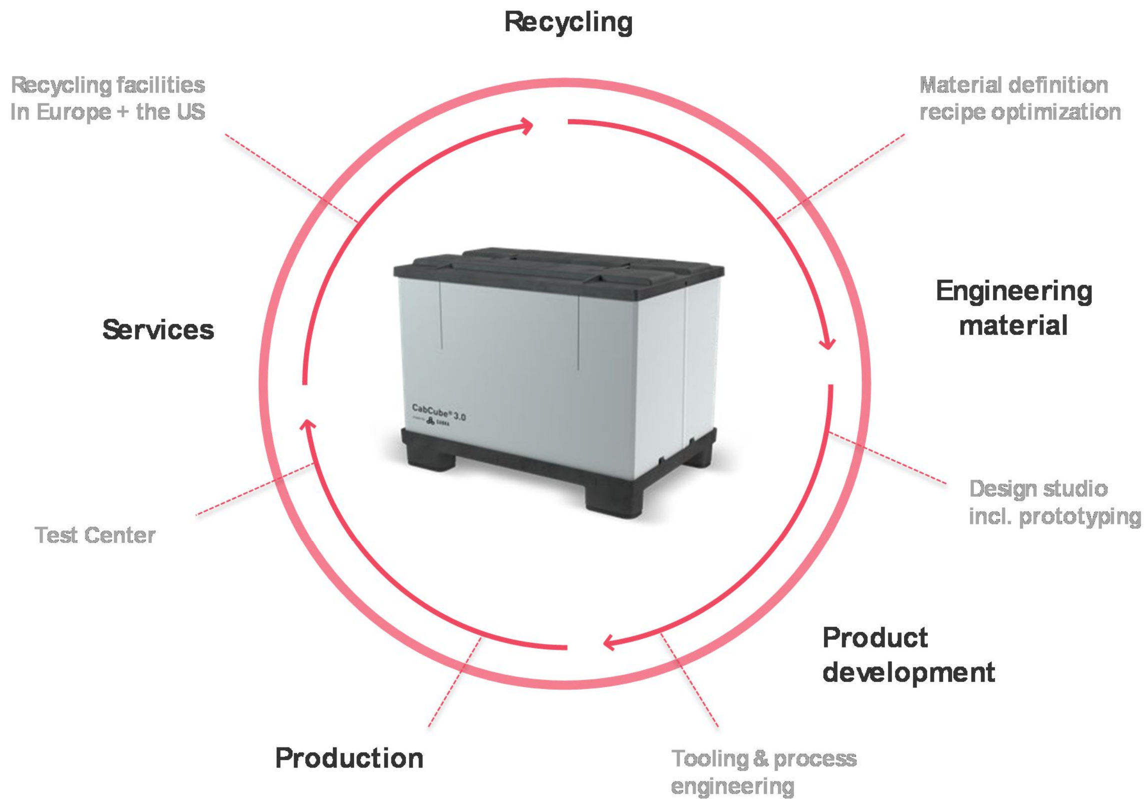
- Significant CAPEX required to purchase these machines, resulting in higher entry barriers;
- Advanced production technologies only feasible when also having secured both substantial customer demand and feedstock, limiting number of parties capable of using this technology;
- Substantially higher production output as multiple products can be produced simultaneously; and
- Ability to convert difficult to process waste streams into products without material degradation results in stronger competitive position and since these lower-value waste streams can be purchased at low or even negative costs it subsequently increases margins.

Unique in-house end-to-end process turning waste into high-value products

Since incorporation, Cabka has pioneered in recycling of post-consumer and post-industrial mixed-plastic waste and has established a process to close the plastic loop for its customers. To achieve this, Cabka controls the full value chain from waste to product, which starts in the recycling facilities in the EU and US and ultimately ends with end-of-life product management, implying at the end-of-life Cabka takes back its products and reinserts them in the production process in order to make new products out of it. This in fact creates a closed loop of new plastics products. Below a graphic overview is depicted of the different process stages, which is elaborated upon in the section "*Business – Description of Operations*".

Figure 6: Cabka's unique in-house end-to-end process closes the plastics loop

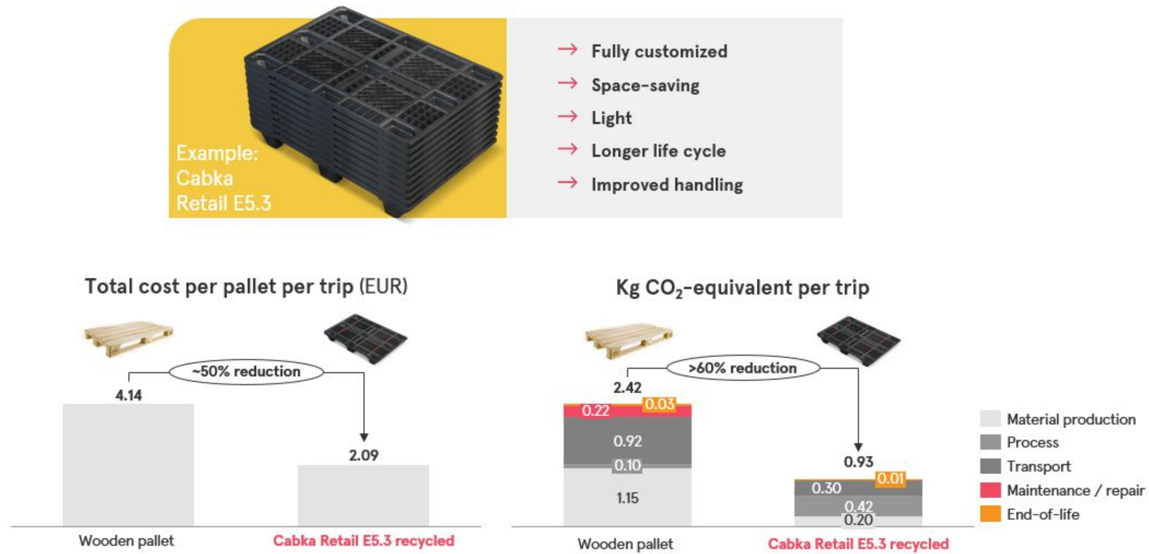




High value-add business model making a significant impact on customers costs and CO2 footprint

The Company believes that a sustainable business model revolves around the impact one can make on customers logistics chain. Therefore, Cabka’s product development is focused on intelligent solutions that optimize logistics chain efficiency while simultaneously offering CO2 footprint improvements. This way, Cabka’s solutions are superior both from a cost and sustainability perspective rather than either one. This positively affects the key aspects in customers’ purchasing behaviour.

Figure 7: Example of a Cabka solution, cutting customer costs and CO2 footprint in half[8]



Strong regional focus, creating market-leading positions in key markets

Appreciating the large addressable market for both pallets and large containers in both the EU and North America, low plastic penetration rate and the urgency for sustainable solutions, Cabka deliberately focuses on creating a market-leading position in these blue ocean markets leveraging on its unique approx. 90% of share recycled product input.

Europe

Cabka currently is market leader in plastic pallets (volume-based, recycled + virgin), a position that has formed the basis of a quick expansion in the large containers segment towards its current #7 position, which the Company envisages to expand towards market leadership. In respect of feedstock, the European market is attractive since collection systems for post-consumer packaging waste are well established. The reason for these systems dates back to 1995, as since then Europe has been pursuing the so called "Töpfer Law" - after Klaus Töpfer, Germany's ex-environment minister - which makes it mandatory to collect packaging waste for recycling and has put in force various packaging waste directives. The European measures are the most stringent in the world and have pushed plastic packaging recycling rates in the EU far above those in other geographies such as the US. The EU has set a target for recycling 50 percent of plastic packaging by 2025 and has prohibited EU companies to unload plastic waste on countries in the developing world. Subsequently, this forces Europe to tackle the plastic waste problem itself which provides a huge opportunity for companies like Cabka that hold a key position in the transition towards a circular economy.

North America (operations in the US)

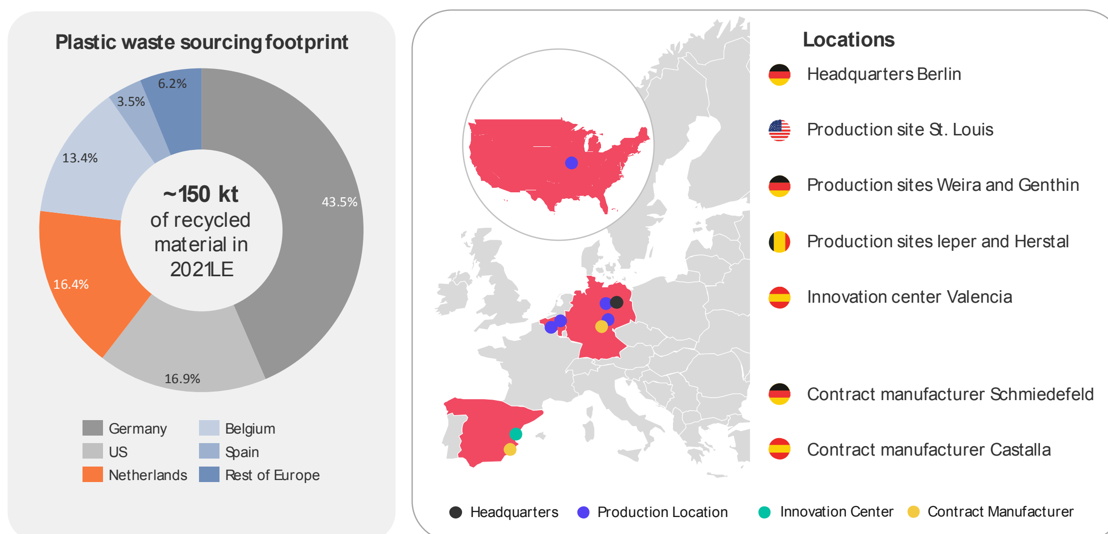
Following the strategy in EU, the company currently holds a #4 position in plastic pallets (volume-based, recycled + virgin) in the US, which it now aims to enlarge towards market leadership. Simultaneously, Cabka is now set for accelerated growth in the plastic large container segment and looking to gain a significant foothold, leveraging on the aforementioned customized solutions and European project pipeline. In respect of feedstock, there is no national law in the US that mandates recycling, and state and local governments often introduce their

[8] Indicative Life Cycle Analysis based on externally developed tool (version 2.1 June 2019) by Partners For Innovation B.V. with use of case assumptions as indicated. The tool is to be considered an LCA quick scan and follows ISO 14040 principles and uses Eco-indicator values derived from SimaPro 8.5 database. System boundaries are the full product life cycle: extraction of raw materials, production processes, transport, use (including reusable systems) and end-of-life. The results of this LCA tool are based on standard industry data and provide only a rough indication of the environmental impact of a system. The analysis is not to be considered as a full LCA study including an independent third party peer review.

own recycling requirements. Post-consumer collection systems are in place but the continued operation and maintenance of landfills and recycling facilities is self-funded through trash collection fees, providing no incentive to sort post-consumer packaging waste which is a large source of polyolefin material. This as opposed to the European market, where businesses pay a 'fee' for the consumer waste they put into the market, which is allocated to different businesses acting across the several processing stages of this waste. The US market is therefore more focused on post-industrial waste, but more stringent regulation on post-consumer waste recycling is also expected within reasonable time. In 2021, the first two Extended Producer Responsibility (EPR) laws for packaging passed in Oregon and Washington indicting US momentum for packaging EPR is growing. Throughout Europe and Canada, these EPR programs have substantially increased recovery rates, reduced confusion and contamination, bolstered recycling infrastructure, and grown strong markets for recycled material.

Cabka has witnessed the advantages that reaching economies of scale in selected markets hold, both from a feedstock and sales perspective, and has laid out a detailed strategy for further organic expansion within these markets.

Figure 8: Strong regional focus in the EU and North American markets



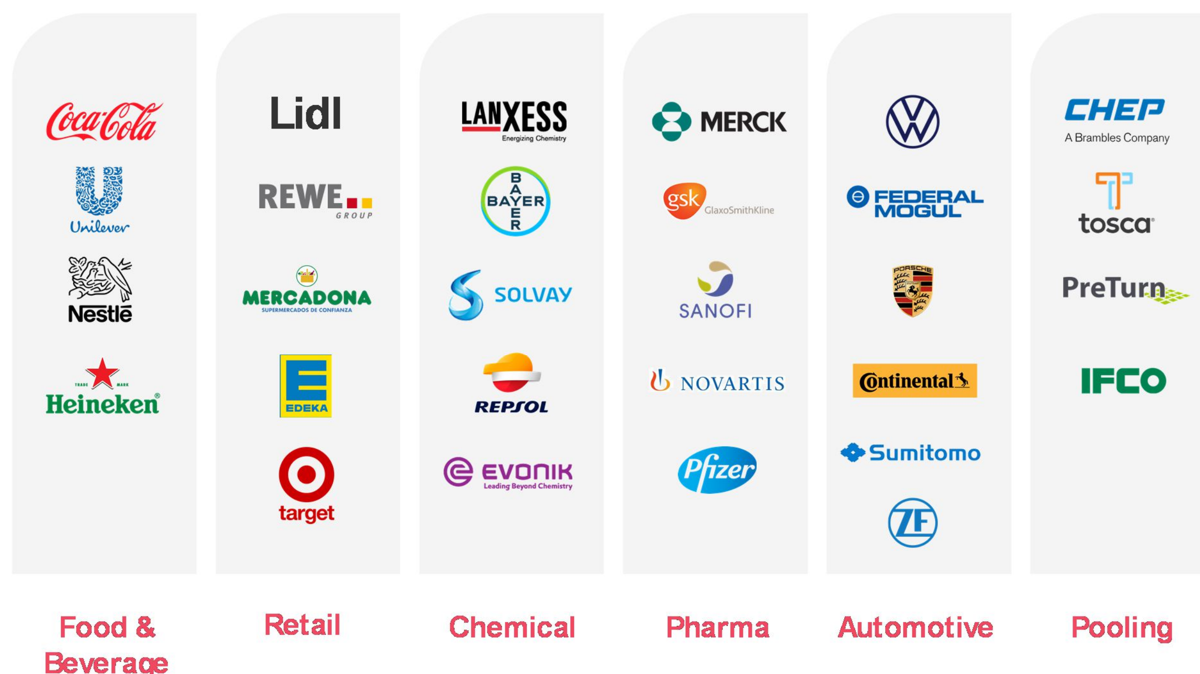
Blue-chip customer base

Resulting from its unrivalled innovation-centered solutions and its integrated business model, Cabka actively works on and cherishes long-term relationships with numerous blue-chip customers across various industries. These customers place their trust in Cabka for enhancing logistics chain efficiency with sustainable solutions because Cabka has scale in both Europe and North America.

For Cabka, securing these household names holds multiple benefits:

- Doing business with trustworthy counterparties lowers business risk;
- Generally, these customers are looking to establish long-term partnerships with preferred suppliers that are capable of providing a solution that is deeply embedded in their core logistics chain, resulting in a consistent year-on-year order inflow and customer stickiness;
- Successful case studies with these customers act as an extra quality stamp in discussions with potential new customers, especially within the same industry.

Figure 9: Cabka serves a broad portfolio of blue-chip customers. A selection of customers across industries groups

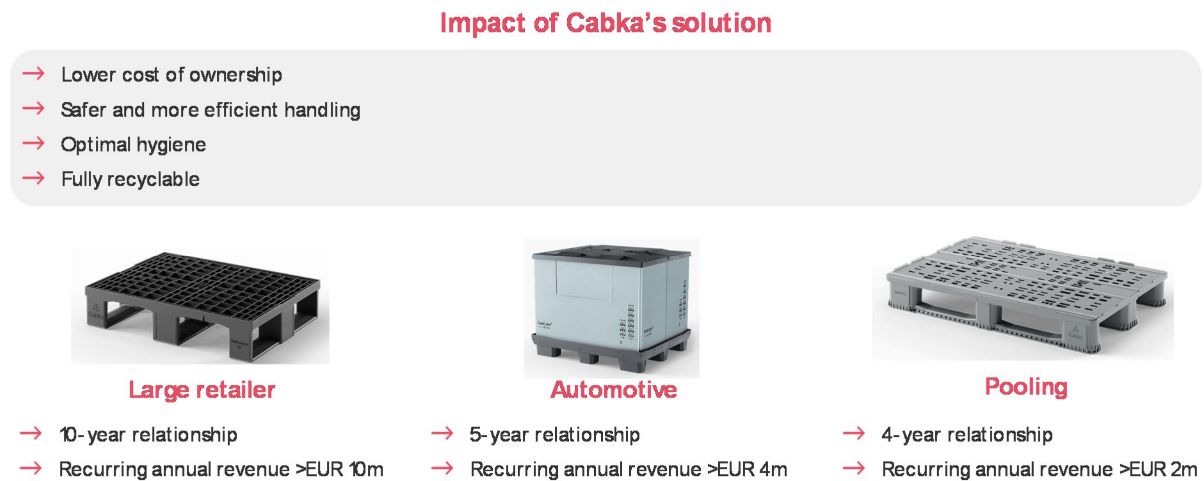


Strong financial profile, with steady revenue, gross margin and underlying EBITDA growth and high percentage revenue is recurring by nature

Cabka has an asset-backed balance sheet, supported by approx. €6.2 million of Maintenance and Replacement Capital Expenditures in latest estimate of the year ended 31 December 2021. It has demonstrated stable revenue growth, with revenue growing from approx. €139 million for the year ended 31 December 2017 to approx. €164 million in latest estimate of the year ended 31 December 2021. Although Cabka has suffered from a COVID-19 demand dip and more recently from lacking demand in the automotive sector following chip shortages in 2020 and Q1 2021, it still managed to rebound to pre-COVID levels, mainly resulting from a high share of revenue being recurring by nature.

During that same period, gross profit is envisaged to increase from €72.7 million in 2017 to €85.7 million in 2021LE, implying an approx. 52.2% gross margin which is the result of its integrated business model with waste as main input stream. Similarly, underlying EBITDA is expected to grow from €18.1 million in 2017 to €28.4 million in 2021LE, with Underlying EBITDA margin growing from 13.0% to 17.3% respectively (based on German GAAP, 19.0% when IFRS adjusted). The margin improvement is mainly a result of the strategic reorientation as explained hereafter, with further upside to be realized in the coming years based on a number of identified operational levers

Figure 10: Cabka's impactful solutions result in long-term customer relationships and significant recurring revenue base



Strategy

Levering on its unique integrated and high value-add business model, Cabka has developed trusted, long-term relationships with its customers, primarily large companies across various sectors. Over time, Cabka has established a vital position within the core logistics chain of these companies through customized solutions, resulting in a high percentage of revenue being recurring by nature.

Cabka holds a strong position in its market, with in-house developed (customized) products based on proprietary material formulation, product design and processing technology. These products are designed to support its customers in achieving maximum logistics chain efficiency while minimizing carbon footprint.

Complementing its strong competitive position is Cabka's professional family culture, with key values Respect, Openness, Equal Treatment, Environmental Protection and Teamwork. Additionally, Cabka is led by an experienced management team and has a highly skilled and committed group of employees. In 2018, the management team successfully initiated a strategic reorientation, which resulted in renewed focus on selected innovation areas (through its innovation hub in Valencia) and key markets with attractive characteristics. All this has formed the basis of the Cabka's consistent growth in revenue (excluding COVID-19 impact) and product offering and more recently the significant margin uptick and presents a strong foundation for future expansion.

Cabka expects to continue to be successful driven by five strategic growth pillars in the future:

1) Continuous innovation in product portfolio

Currently, Cabka holds the broadest portfolio of pallets within Europe. Through its dedicated innovation center in Valencia the Company aims to consistently bring innovative solutions to the market that meet customers' logistics chain and sustainability demands. In turn, superior performance of these products at attractive pricing will fuel revenue growth. Cabka has meticulously identified gaps between current product offering and customer demands and prioritized the resulting opportunities based on, amongst others, addressable market, margin profile and intensity of competition.

Cabka will invest in various new tools per year in the coming years to be able to upgrade and complement its product portfolio. Where possible, tools will be designed to be size-adaptable so that several market demands can be fulfilled with just one tool. In parallel, the Company has performed an assessment of the overall quality and performance status of the tools.

2) Increasingly shift towards customized solutions

Based on over 25 years of experience and research, Cabka has gained a unique competitive position through its ability to offer fully customized solutions. Controlling the complete value chain from waste stream to end products allows the Company to design products based on a database of over 3,000 material blends and proprietary processing technology to turn these materials into high-value products. This way, Cabka can seamlessly meet the exact specifications required by a customer, including material type, load-bearing capacity, weight, size and handling speed. Given today's highly complex logistics chain and sustainability demands, having the capability to fully tailor to customer needs results in a strong competitive position. In recent years, Cabka has realized substantial growth in this area and views this as one of the key growth engines going forward, especially since it offers attractive characteristics:

- Large accounts;
- Higher customer loyalty / increased stickiness;
- Increased entry barriers; and
- Potential for higher price per unit and subsequently higher margins.

In contrast to smaller customers for which 'off-the-shelf' products typically suffice, large companies operate through complex logistics chains that require sophisticated transport packaging solutions. Typically, these customers are counterparties looking for long-term partnerships, for which Cabka can play a vital role in their logistics chain and thereby can naturally grow revenue over time. Further upside is that these customized solutions potentially lead to new portfolio products, also supporting the growth of portfolio revenue.

Given that Cabka's customized solutions are deeply embedded within the core logistics chain of its customers, this results in high customer loyalty and low churn, as their complete logistics chains are designed based on a system of tailored solutions that perfectly match. Finally, the substantial R&D investments required to be able to offer these bespoke solutions result in high entry barriers, especially for smaller market players that are unable to bridge the intellectual property moat created over time.

3) Expand large container position

In recent years, Cabka has increasingly focused on developing plastic large container solutions, especially since these products have a strong fit with Cabka's current asset base.

The large container market roughly consists of Foldable Large Containers (FLCs) and Rigid Large Containers (RLCs). FLCs make up a significant share of the combined European and North American large plastic reusable transport packaging market.[9] At the same time, Cabka currently is a relatively small player in this large space. With the introduction of the CabCube for Volkswagen in 2016, Cabka started to move into this market and meanwhile observes a broader interest for Foldable Large Sleeve Packs (FLSCs) a subsegment of the FLC market in for example the retail and pooling industry. Next to that, the market for FLCs is currently dominated by relatively expensive solutions.

Introducing innovative alternatives will enable Cabka to break into an entirely new market space, which is characterized by higher value and higher margins. For further explanation on these large container solutions, please refer to the section "*Business - Products*".

Cabka has established a targeted strategy focused on Europe and North America to drastically enlarge market share in this space, benefitting from the previously described market dynamics.

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[9] The exact market size of large containers is difficult to determine due to intransparency of the corrugated paper segment.

4) Leverage on ECO products to further drive both margins and cashflow

Cabka's ECO business offers impactful solutions based on hard to recycle consumer waste streams and as a result the margin profile is appealing. These plastic waste streams are extremely hard to recycle and would otherwise end up in the incineration ovens, whereas Cabka makes products out of it that can last between 10 and 25 years. This market is mainly capacity driven since Cabka is one of the few parties in this niche market with the capabilities to recycle this low-value material. As such the Company envisages to increase its ECO capacity to further exploit this value adding business unit. Additionally, despite the already attractive margins, the Company has laid out a roadmap to further propel margins through efficiency improvements. For example, Cabka currently produces its ECO products across different sites in Germany and Belgium and has identified various measures to lower fixed costs and improve overall efficiency. The envisaged capacity expansion will contribute to enhanced efficiency as well. Finally, necessary investments into innovation for ECO business are relatively limited which, in combination with abovementioned strategy, will ultimately improve cashflow.

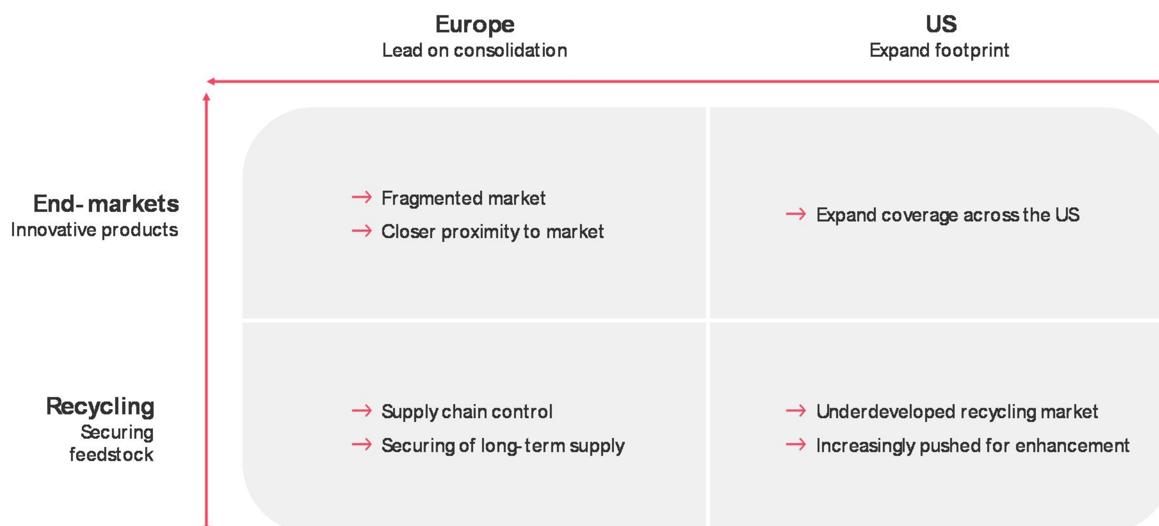
5) Further propel growth through targeted acquisitions

Complementing the organic growth strategy, is ample opportunity for additional growth through acquisitions. Cabka's has identified an acquisition strategy focused on expanding both end-market and recycling position across Europe and the US, the latter as key market within North America, for which there is a strong rationale. In respect of end-markets, the Company is looking to capitalize on Europe's fragmented market landscape and acquire smaller market players, thereby mainly improving proximity to the market. Similarly, this strategy applies to the US to expand its coverage across the region.

Looking at the other end of the value chain, recycling, Cabka strongly believes it can benefit from increased supply chain control through recycling or even from further backwards integrating through acquisitions in waste management. The Company has observed the clear benefits of a significant foothold in recycling (i.e. lower costs and superior product CO_2 footprint) and with this type of acquisitions is looking to further secure long-term feedstock supply.

Besides the strategic benefit that these acquisitions hold, they also create synergies for the Cabka's current business. For example, the Company successfully integrated its most significant acquisition, Belgium-based IPS, substantially improving revenue, EBITDA and net profit while reducing headcount (implying efficiency).

Following the Business Combination with DSC2, Cabka will have a strong balance sheet to capitalize on these opportunities.



Implement four operational levers to further strengthen margin profile

Complementing the above growth pillars, Cabka has identified four operational levers to optimize efficiency within the organisation and productively allocate capital, which are described in further detail below:

- Formulation – engineering recycled plastic products, complemented by in-house recycling, resulting in shift towards lower value waste streams. This shift results in lower material costs, increased competitiveness and a higher security of supply;
- Automation – A target of >30 percent reduction of manual labour through automation and identified >15 projects to be executed by 2024;
- Enhanced efficiency – Improve average capacity utilization rates to utilize approx. 20 percent spare capacity in current facilities, driving significant efficiency improvements leveraging the existing asset base; and
- Asset light – Outsourcing of production with limited specialized know-how (for example through using tolling partners for the use of high-pressure moulding machines), which results in lower capital intensity and shifts focus of investments to new products and automation, subsequently improving cash conversion.

Mid-Term Objectives

Cabka has established financial and operational mid-term financial performance objectives. Cabka has set the following financial objectives:

- Overall Revenue envisaged to grow in the mid-term at high single-digit rates;
- IFRS Adjusted Underlying EBITDA Margin in the mid-term above 20.0%;
- Maintenance and Replacement Capital Expenditures in the mid-term equalling approximately 4% of Revenue;
- Net Working Capital position in the mid-term of approximately 20% of Revenue;
- A dividend pay-out ratio in the mid-term of approximately 30%-35% as percentage of net profit.

Cabka has not defined, and does not intend to define “mid-term”. Cabka’s mid-term objectives should not be read as forecasts, projections or expected results and should not be read as indicating that the Company is targeting such metrics for any particular year. They are merely objectives that result from the pursuit of its strategy.

Cabka’s ability to meet these objectives is based upon the assumption that it will be successful in executing its strategy and it depends, in addition, on the accuracy of a number of assumptions, involving factors that are significantly or entirely beyond its control and no assurance can be given that Cabka will be able to meet these objectives or that its financial position or results of operations will not be materially different from these objectives. The objectives are also subject to known and unknown risks, uncertainties, and other factors that may result in Cabka being unable to achieve them. These objectives constitute forward-looking statements and are not guarantees of future financial performance.

As a result, Cabka’s actual results may vary from the mid-term objectives established herein and those variations may be material. Many of the risks and uncertainties are described in “*Risk Factors*”. Cabka does not undertake to publish updates as to its progress towards achieving any of the above objectives, including as it may be impacted by events or circumstances existing or arising after the date of this Shareholder Circular or the reflect the occurrence of unanticipated events or circumstances. Investors should independently assess whether or not they believe the objectives to be reasonable or achievable, bearing in mind personal circumstances and

the information included in this Shareholder Circular, particularly considering the information described in "*Risk Factors*".

Description of Operations

Cabka's operations comprise two divisions, *Material Handling* division and *ECO Products* division.

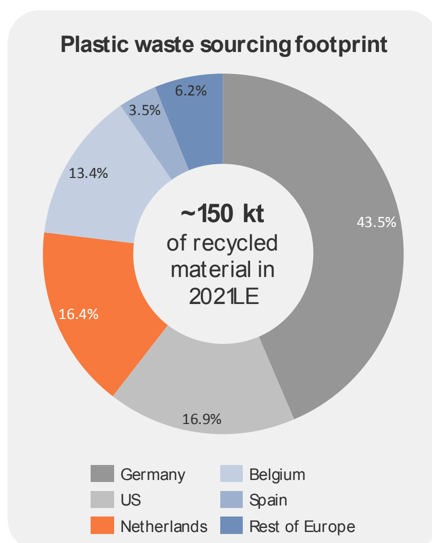
The *Material Handling* division (approx. 85% of annual turnover) relates to the reusable packaging products (e.g. pallets and large containers). *Material Handling*'s input consists for the majority of post-industrial and post-consumer recycled waste. To obtain these recycled plastics, the different plastic waste streams are subjected to strict separation methods. The plastics are manually pre-sorted, washed, shredded and subjected to float-sink methods. The identification and separation of the different types of plastics (PP, PE, PET etc.) is performed with infrared sorting techniques. Result is a recycled PE, PP or PO (Polyolefins) with high purity to be used in the *Material Handling* products. Cabka additionally processes some virgin plastic (approximately 15% of *Material Handling* processing and 10% of total processing). Cabka uses virgin for products that (a) have to comply with certain hygiene regulations, (b) need a specific colour, and (c) need a secure volume of raw materials.

The production process of the pallets and containers is production carried out through injection moulding machines. The products (through moulds) can be produced on different machines with distinctive features and capacity.

The *ECO products* division (approx. 15% of annual turnover) relates to sustainable products, made from unsorted mixed plastics which are generated out of 100% post-consumer plastic waste. Products are used for gardening and landscaping as well as for construction and transport. Post-consumer plastic waste (mixed plastics packaging such as trays, tubs, pots and films) can be mechanically recycled, and it is both economically and environmentally effective to do so. Cabka has in five of its facilities the infrastructure and permits for storage and reprocessing these resources and turn it into *ECO products* (for example fence feet and grass grids). On a high-level, this recycling process entails the input of consumer waste bales and process these through different steps from shredding, drying, separating, and cleaning. The cleaned and dried fraction is used as base material for production of the *ECO Products*.

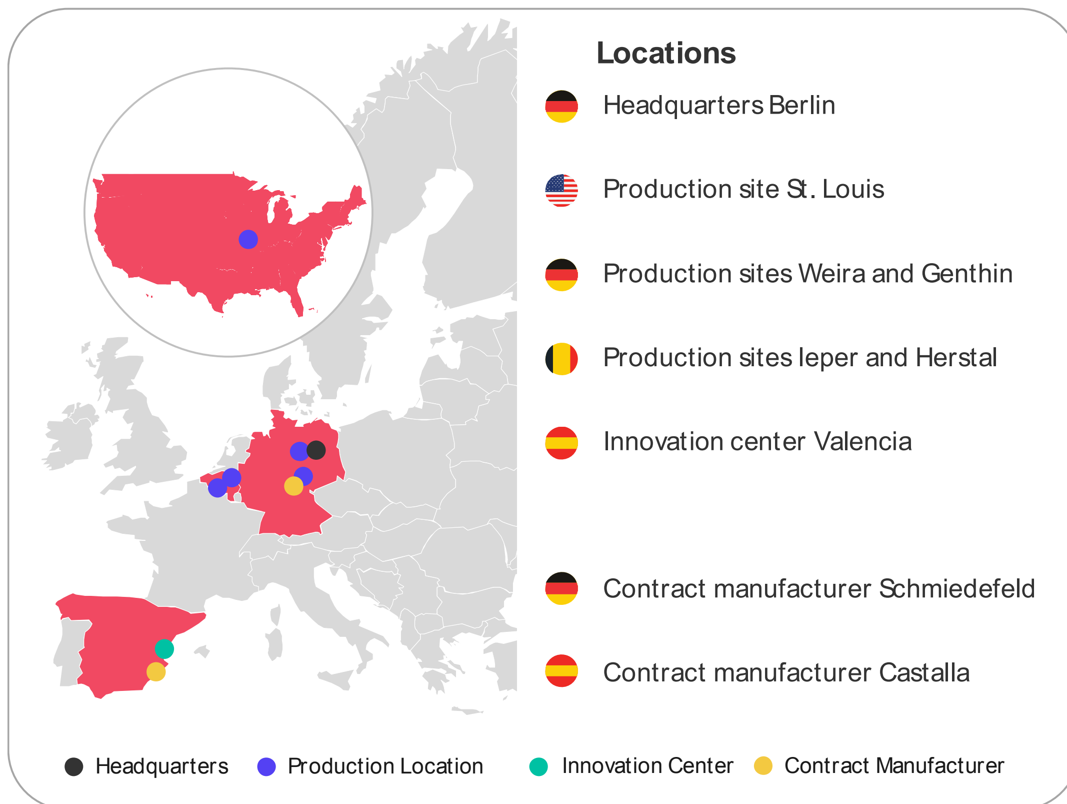
The two divisions are separated in terms of both input and production. That is to say, production and supply lines are separately arranged in respect of Cabka's plants.

Figure 11: Overview of post-industrial and post-consumer plastic waste sourcing footprint



Cabka recycles approx. 70% of the total recycled material used in its production process, and sources the remaining approx. 30% from external suppliers. The Company operates through seven production locations, of which five process the approx. 150kt post-industrial and post-consumer waste streams. Two of these seven locations are based on tolling contracts following the Company's asset light strategy.

Figure 12: Overview of operations



Operations overview		
Location / activity	**Recycling**	**Production**
Weira (DE)	Post-industrial & post-consumer	Material handling and ECO products
Genthin (DE)	Post-consumer	ECO products
Ieper (BE)	Post-industrial & post-consumer	Material handling
Herstal (BE)	Post-industrial & post-consumer	Material handling and ECO products
St. Louis (US)	Post-industrial & post-consumer	Material handling
Schmiedefeld (DE)	N/a	Material handling
Castalla (SP)	N/a	Material handling

Cabka operates strictly following ISO-standards. ISO certification certifies that a management system, manufacturing process, service, or documentation procedure has all the requirements for standardization and quality assurance. ISO (International Organization for Standardization) is an independent, non-governmental, international organization that develops standards to ensure the quality, safety, and efficiency of products, services, and systems.

Compliant and in possession:

- ISO-9001 – the international standard that specifies requirements for a quality management system. Cabka uses this standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements. All production plants are in possession of this ISO-standard.

- ISO-50001 – an ISO standard which specifies requirements related to energy consumption and shows that an organization guards their energy consumption. For example Cabka's plant in Weira automatically monitors its energy consumption and switches systems off for efficiency reasons. The standard looks at efficiency, but not at zero reduction. Cabka Weira is in possession of this ISO-standard. Cabka is investigating whether this specific standard should be applied to the other locations.

- ISO-14001 – an ISO standard which specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. The norm helps an organization achieve the intended outcomes of its environmental management system, which provide value for the environment and the organization itself. The intended outcomes of an environmental management system include the enhancement of environmental performance, the fulfilment of compliance obligations and the achievement of environmental objectives. Cabka did undergo the baseline measurement in Weira and expects to receive this standard over the course of 2022 (Weira) and 2023 for all her production locations.

- ISO-45001 – an ISO standard which specifies requirements for an occupational health and safety (OH&S) management system to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance by eliminating hazards and minimize OH&S risks (including system deficiencies), taking advantage of OH&S opportunities, and addressing OH&S management system nonconformities associated with its activities. Cabka did undergo the baseline measurement in Weira and expects to receive this standard over the course of 2022 (Weira) and 2023 for all her production locations.

Production technologies

Cabka uses a variety of moulding technologies and machine sizes and has in-house expertise of all technologies, often resulting in adjustments being made to the moulding machines to optimize output and increase competitive edge. Presented below is a high-level overview of the different moulding techniques:

- Injection moulding
- Gas-assist injection moulding
- Compression moulding

In-house tool-making centre

Cabka has a large mould division which is solely focused on manufacturing and repairing moulds. This division is responsible for not only developing moulds, but also for performing a variety of analyses such as mould flow analysis.

Integrated production test centre

Cabka is currently setting up a production test centre in Castalla (Spain), aiming for reduced time to market through centralizing all facture acceptance testing (FAT). Tests incorporate the complete step up of Injection Moulding Machine, Moulds, Automation and Material suitability and performance.

Operational excellence

Cabka has initiated an operational excellence program, focused on achieving maximum production efficiently. Most prominently, the Company is implementing a Manufacturing Execution System (MES). The MES will run on each plant, allowing Cabka to continuously measure production performance per machine. Cabka expects to

improve the Overall Equipment Effectiveness significantly after complete roll-out of the MES in combination with the operational excellence program.

Next to plant optimization, there is also a direct connection to the innovation center in Valencia - cycle time (time to press a product) and feeding the machines (shape and composition). Cabka currently has a group in place in Valencia, using the results of MES to improve the in-house designed production processes. The R&D team can develop new material blends which will provide better performance or better processing.

Industry 4.0

MES can track additional parameters which enables Cabka to (i) monitor the wear of moulds and machines – leading to more efficient maintenance, (ii) predict production errors.

Sustainability

Sustainability is an essential element of Cabka's mission statement and an important part of its business strategy. Cabka continuously advances the sustainability of its products and solutions by combining economic success, social responsibility, and environmental protection in its business activities and by enabling employees and customers to meet the current and future needs of society. This is embedded in Cabka's production process but also in its code of ethics for employees and code of conduct for its suppliers.

The drive for Cabka's sustainability attitude is based on Cabka's believe that progress, is only meaningful if benefitting all, including the generations to come. Resources are not endless. Waste is not an inconvenient side effect, but something to turn into the useful. Cabka sees waste as an opportunity. An opportunity to create new valuable products using waste as input, specifically designed to be reused and recycled, thereby contributing to a more sustainable future. Cabka does so through a business model aimed at zero-waste. Ever since its establishment in 1994, Cabka's focus has been on investing in recycling to enable the production of circular plastic product at a competitive price and margin. That is the core and the strength of Cabka's ESG approach and corporate DNA. Now that Cabka has reached that point, Cabka's enters a new phase of making its entire production process fully sustainable and carbon neutral. Cabka has the ambition to reach carbon neutrality by 2030 and to meet the highest sustainability achievements for both EcoVadis and Circulytics rating (respectively; platinum representing best 1%; and A representing top 11% score) over 2023. In order to enable Cabka to realize these ambitions, it will draft a new ESG strategy and action plan in 2022.

Closing the loop for customers

Cabka is increasingly working with its customers to accelerate the transition towards a closed plastic loop. In a joint effort, Cabka develops a production process for recycled, reusable transport packaging products based on post-industrial waste directly received from these customers. In its innovation center in Valencia, Cabka analyzes different waste streams to optimize the composition of recycled granulate and feedstock for the production of reusable pallets and large containers. Cabka separates production processes per customer, providing Cabka insight into the specifications of the final product and hence embedding Cabka products in its customer's production chain, ensuring long term customer commitment. Cabka establishes a separate processing and production line to ensure that the products sold to the relevant customer are fully traceable to that specific customer's waste. As a result, Cabka creates a closed system that significantly reduces customers' carbon footprint and distinguishes it from other suppliers without access to a self-owned innovation center like Cabka does.

Codes of conduct

Cabka's believe that progress should suit all, is reflected in the principles Cabka has stipulated for employees and suppliers in 2021. The principles described in this code of ethics are not confined to the instruction to comply with the law, which is different in each country. Rather, they aim to encourage self-reflection and a sense of responsibility in each employee and to respect society and the environment. The code of ethics does not

only provide a guideline on expected behavior of everyone at Cabka or working for Cabka, it also includes a whistleblowing procedure.

Cabka expects its suppliers to additionally comply with applicable national and international laws and regulations including the International Labor Convention and the United Nations Universal Declaration of Human Rights, industry standards and all other relevant legal requirements. If there are legal provisions or other rules in individual countries where the supplier operates that differ from the requirements of the code, the stricter requirements in each case shall be complied with. The supplier code includes suppliers to comply with exclusion of forced labor and human trafficking and ban child labor and ensure fair wages and working hours, freedom of association, non-discrimination and health and safety at work, as well as taking ecological responsibility and comply with ethical business conduct.

Independent sustainability ratings

Sustainability is embedded in Cabka's operations by means of the various ISO standards Cabka uses in its production process, such as ISO 50001 with specific requirements for efficient energy consumption, ISO 45001 on health and safety management and the current implementation of ISO 14001 on environmental management systems, which Cabka expects to fully implement over the course of 2022 (Weira) and 2023 for all its production locations.

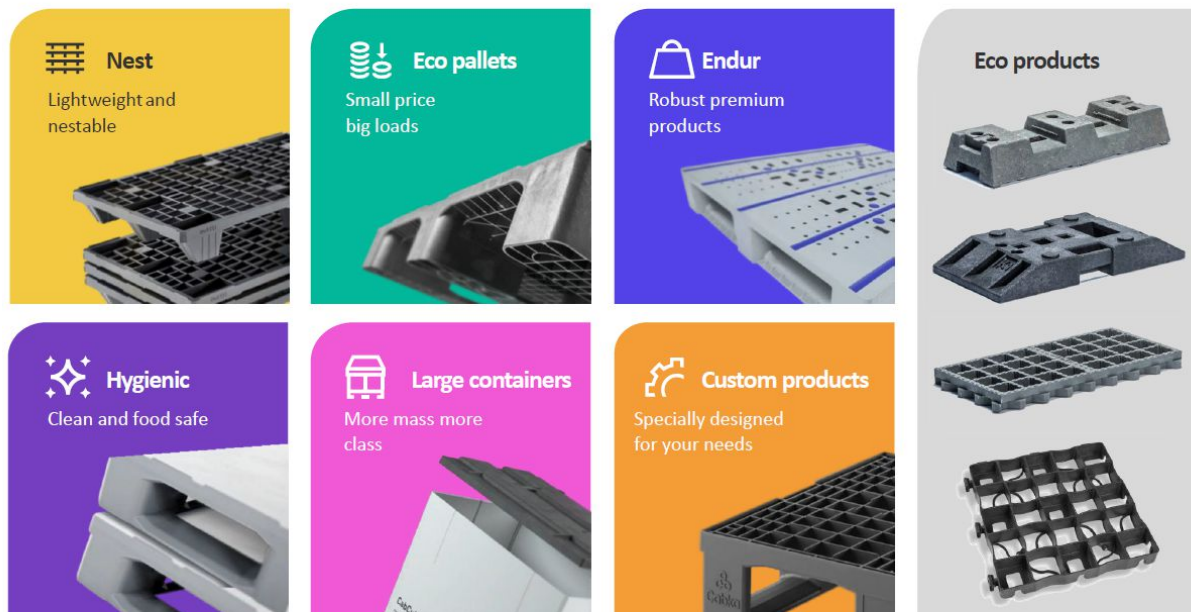
Furthermore, Cabka committed itself to several independent sustainability ratings to verify its sustainability achievements, including EcoVadis and Circulytics.

EcoVadis is a provider of business sustainability ratings and has created a global network of more than 85,000 rated companies to date. The EcoVadis sustainability assessment methodology is an evaluation of how well a company has integrated the principles of sustainability into their business and management system. The sustainability scorecard of EcoVadis illustrates performance across 21 indicators in four themes: environment, human rights, ethics and sustainable procurement. In 2021, Cabka has achieved the EcoVadis silver score, implying Cabka belongs to the top 25% of all companies.

Circulytics is a free of charge self-assessment company-level measuring tool developed by the *Ellen MacArthur Foundation* in collaboration with more than 30 companies and academic organisations. The mission of the Ellen MacArthur Foundation is to accelerate the transition to a circular economy. With this purpose, the foundation develops and promotes the idea of a circular economy by working with, and inspiring, businesses, academics, policymakers, and institutions to mobilise systems solutions at scale, globally. The insights gathered through Circulytics assessment empowers businesses to benefit from the transition to a circular economy. Having access to the right data can help a business find a competitive edge, reduce costs through waste elimination, and meet environmental ambitions. Circulytics accurately measures the readiness and overall performance with regards to the circular economy. Cabka reached an A- score in 2020, being the second highest possible score out of nine, reaching from E to A.

Products: Cabka offers a comprehensive portfolio of solutions which can be roughly divided into 7 categories

Figure 13: Cabka's comprehensive product portfolio and product-market-combination overview for Material Handling



		Market					
		Food & Beverage	Retail	Chemical	Pharma	Automotive	Pooling
Product	Nest	●	●				●
	Eco	●		●	●	●	
	Endur	●	●		●	●	●
	Hygienic	●			●		
	FLC	●	●			●	●
	RLC	●					

Nest Pallets

Lightweight and easy to handle, Cabka's Nest plastic pallets are highly versatile for many environments. Nestability and reliability are paramount when it comes to Nest pallets, they are built to interlock, making them ideal for saving space during storage and transportation (up to 4 times less space required). Customers can choose from multi-trip or export Nest pallets, in varying dimensions and with optional attachable skids, to move shipments of different sizes and weights safely and securely.

Focus industries: Food & Beverage, Retail and Pooling

Eco Pallets

Designed for multi-trip or export uses, Cabka's Eco Pallets are the ideal solution for automated conveyors and high stacking. They can handle heavy loads with a low tare weight, with options for traceability and runner variations, so the Eco boasts a versatility for different applications.

Focus industries: Food & Beverage, Chemical, Pharma and Automotive

Endur Pallets

These high-performance pallets have been designed to withstand hard usage and significant impacts in high-traffic environments. They are ideal in high circulation situations, built to meet almost any need. Some are manufactured via gas injection; these units have internal cavities that offer increased support. Each model is incredibly resistant to bending, and highly effective in high-bay racking. They are a high-quality and durable storage and transportation solution.

Focus industries: Food & Beverage, Retail, Pharma, Automotive and Pooling

Hygienic Pallets

Made from food-safe HDPE, the lightweight Hygienic plastic pallets are easy to clean and dry, with smooth, closed surfaces. They are the ideal choice as regulations grow stricter. Cabka's Hygienic pallets have been specifically designed to satisfy the need for high performance and the international community's strict hygienic standards. Without surface cavities in the moulded plastic, dirt does not accumulate, making them safe for their sensitive cargo.

Focus industries: Food & Beverage and Pharma

Large Containers

Cabka offers a portfolio of large containers ideal for almost any shipping, storage, or even retail environment. Whether rigid (sturdy for heavy loads) or foldable (saves space when empty), the containers are simple, versatile, and able to be deployed quickly and repeatedly. Cabka offers various large container solutions:

CabCube (FLC)

A CabCube is a three-piece sleeve pack container for transportation of bulk and large volume parts. Thanks to its injection-moulded production process, the CabCube impresses with robustness, dimensional accuracy, light handling and high durability. This differentiates it in the marketplace where thermoformed products for the base and the lid are common. In just a few simple handling steps, the sleeve can be collapsed and, along with the pallet and lid, stacked on top of one another. The CabCube thereby achieves a volume reduction of up to 80 percent for space savings and a cost- and CO_2-efficient return journey. The sleeve is customized to fit with the base and the lid and is currently produced by an external third party.

Focus industries: Food & Beverage, Automotive, Retail, Pooling

Pallet Box (RLC)

The rigid high-volume pallet box is for safe storage and transport of loose products or bulk goods and particularly well suited for internal usage in the food industry, agriculture, and industrial production.

Focus industries: Food & Beverage

Customized solutions

Logistics solutions designed for a customer's specific supply chain, reducing costs and carbon footprint. Many of the products Cabka developed jointly with customers have ended up becoming industry standards. Among them: many beverage and pooling pallets (the Keg S9, BPP i9, Endur i7.2, Heilbronner H7, and the retail series). For example, the Heilbronner H7 has made wooden Düsseldorf pallets essentially obsolete.

Focus industries: Automotive, Chemical, Food & Beverage, Pharma, Pooling, Retail

Eco products

Cabka's Eco products are innovative, sustainable products, made from unsorted mixed plastics which are generated out of 100% post-consumer plastic waste. Products are used for gardening and landscaping as well as for construction and transport and a number of examples is presented below

Flexible Lawn Grids

Ground reinforcement systems with no sealing. A large contact surface for optimal surface-load distribution. A quick and strong linking system, and an even, stable grid structure that can incorporate filling stones as needed.

Channel Fence

Lightweight and easy to handle. Weatherproof, resistant to rot, and shatterproof. Like hardwood products, it can be sawed, drilled, and screwed.

Mobile Fence Bases

Cabka's temporary fence bases give fence barriers at construction sites, parking lots, and events a secure footing. They are stable and almost unbreakable.

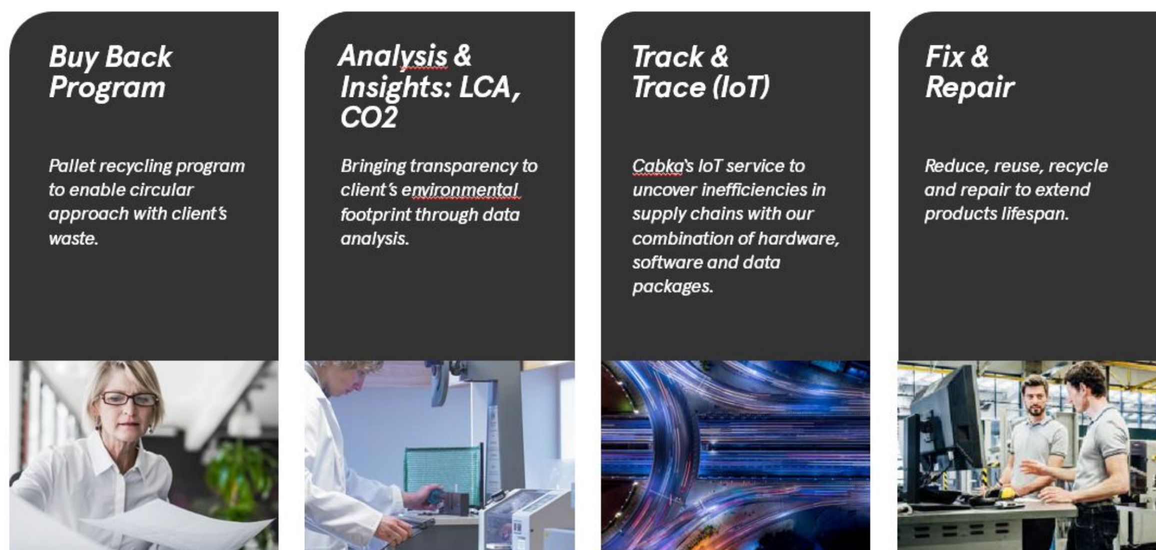
Inflow Plates

Cabka's system, consisting of a filter support grid and variable foot elements, is used in composter and sewage treatment plants. It can be relocated simple, quick, and inexpensive and is more resistant to chemicals, acid, and microorganisms than concrete or metal.

Services – advanced additional services to complement product offering

In addition to its products, Cabka offers a selection of advanced services focused on further improving sustainability and assisting customers' in their journey towards fully circular logistics chain.

Figure 14: Overview of Cabka's additional services



Customers

Cabka has longstanding relationships with a loyal customer base, primarily located in Germany, the Netherlands, Belgium and the US. Cabka's diversified customer base consisted of over 1,000 customers, spread over the key regions Germany (32%, over 300 customers), the Netherlands (10%, over 50 customers), Belgium (14%, over 90 customers) and the US (17%, over 100 customers) as in 2021LE figures.

Property, Plant and Equipment

The following table lists the principal properties of Cabka as of the date of this document.

Address and Location	Type of Facility	Tenure	Lease Expiry	Approximately floor area (square feet)
Wintersteinstr. 22, 10587 Berlin, Germany	office area	leasehold	31 October 2027	approximately 950 sqm, partially subleased (5 working spaces)
Avenida Juan de la Cierva 8, 46980 Paterna, Spain	office area/R&D centre	leasehold	fixed term of 10 years as of handover (will take place asap after structural completion of the building in 2022)	approx. 2,855.75 sqm, partially subleased (office area of 396.13 sqm, warehouse area of 45.43 sqm and 25% use of shared areas: outdoor patio of 150sqm, warehouse area of 73.72 sqm and entrance hall, showroom, first floor of 460 sqm)
Anne-Frank-Str. 1, 07806 Weira, Germany	headquarter, production, recycling	freehold ownership	n/a	approximately 320,000.00 sqm
Berliner Chassee 36, 39307	production,	freehold	n/a	approximately 40,000.00

Genthin, Germany	recycling	ownerhsip		sqm
101, 105, 123 and 123 A Byassee(Drive), Hazelwood, MO 63042, Missouri, United States of America	Warehouse, offices	freehold ownerhsip	n/a	approximately 36,046 sqm
Rozendaalstraat 101, 8900 Ieper, Belgium	Offices, warehouse	leasehold	indefinite term	approximately 25,100 sqm, partially subleased to Orbis N.V. (concerns offices, but unknown sqm)
Rozendaalstraat 101, 8900 Ieper, Belgium	warehouse	lease	indefinite term	approximately 15,100 sqm
Rozendaalstraat 51, 8900 Ieper, Belgium	warehouse	leasehold	indefinite term	approximately 9,000 sqm (and outside storage capacity of approximately 6,000 sqm)
Zoning Industriel des Hauts-Sarts, deuxième avenue 16, 4040 Herstal, Belgium	production, recycling, offices	leasehold	12 December 2023	approximately 11,446 sqm, which is split into two buildings (5,252 sqm and 6,194 sqm)
Ronda Auguste Y Louis Lumiere 23, Nave 1, Paterna 46980 Valencia, Spain	office area / R&D centre	leasehold	30 November 2022	Hall 1 approximately 780 sqm (300 sqm office and 480 sqm workshop space) Hall 3 approximately 936 sqm (office 360 sqm and workshop space 576 sqm)

Joint Ventures and Disposals

The Company and Alegre S.A. concluded a joint venture agreement in 2008 under which the parties agreed to establish a joint venture company named Cabka Spain S.L. in order to jointly develop and distribute plastic pallets in Spain and northern Africa. Originally the Company held 51% of the shares in Cabka S.L. but acquired the remaining shares from Alegre S.A. in 2010.

Cabka divested the PVC division and mixed plastic products divisions against the background of a strategic realignment. As part of this strategic realignment, in 2021 several (mostly intangible) assets (including intellectual property rights) have been sold and transferred under an asset sale and purchase agreement among several Cabka Group Companies as sellers and oceansix GmbH as purchaser (formerly named RAM.ON consult GmbH), a company ultimately held by the beneficial owner of Cabka (and RAM.ON Finance), Mr Gat Ramon.

Employees, Pensions and Collective Labour

Employees

The number of employees at the end of each period by geography are presented below.

Year ended

	31 December		
	2018	2019	2020
Europe	612	616	532
North-America	109	112	92
Cabka Group Total	**721**	**728**	**624**

Pensions

Germany

In Germany there is a statutory state-governed pension scheme (*gesetzliche Altersversorgung*). The contributions to such pension scheme are determined on the basis of the monthly salary of the relevant employee. Contributions are paid on a monthly basis. The relevant company bears half of the contributions. The other half is paid by the company in form of a deductible from the monthly salary on behalf of the employee.

There are no company pension schemes (*betriebliche Altersversorgung*) in place with the Cabka Group.

Belgium

The sector-level occupational pension schemes operated within the Belgian chemical sector (joint committees n°116 and n°207) are applicable to the Belgian Group Companies since their activities pertain to the plastic industry (*kunststof nijverheid*). Therefore, the Belgian Group Companies have registered their employees affiliated to the chemical sector to the relevant sector-level pension provider. In addition, certain managers and employees of the Belgian Group Companies benefit from a supplemental group insurance policy, constituting a supplemental pension accruals.

U.S.

Cabka makes social security contributions for its employees, which are a percentage of gross salary. Moreover, Cabka offers on an optional basis a "401K-plan" – retirement and savings plan. Employees who take part in 401K accept that a certain percentage is automatically deducted from their pay check.

Spain

The state pension scheme is part of the social security system in Spain. There are two categories of pension in Spain: contributory and non-contributory. The pensions system is financed by a payroll tax on salaries. The absolute amount of the contribution depends on the salary level.

Collective Labour Agreements

Two collective labour agreements are in place at the Belgian Cabka Group Companies, which relate to the chemical sector and the relevant unions. The Belgian Cabka Group Companies fully comply with these collective labour agreements and other mandatory legislation in respect of collective labour agreements. There are no individual labour agreements between the Belgian Cabka Group Companies and the unions in place.

Work agreements are in place for Cabka's Genthin site that stipulate rules for work on holidays, working hours and special compensations. Moreover, there are no collective labour agreements, works agreements or collective bargaining agreements in place with the other Cabka Group Companies.

Environment, Health and Safety

Cabka has an environmental policy and a health and safety policy in place, both approved by the management on 17 September 2021. These policies are commitments shared by all employees at all levels of the organisation.

The environmental policy commits Cabka, in particular, to (i) utilize policies, procedures and standards to ensure proper management of environmental aspects and impacts to monitor, reduce and prevent environmental pollution; (ii) investigate all environmental incidents to prevent recurrence and (iii) ensure that all employees receive necessary and required training regarding material environmental issues and the environmental effects of the Group's activities. Further, Cabka seeks to make its products, operations and sites more environmentally friendly on a continuous basis, which means, amongst others: (i) improving energy efficiency and minimising energy consumption and greenhouse gas emissions; (ii) optimizing water use and preserving water quality and (iii) fostering the responsible management of chemicals along the product chain.

Under the health and safety policy, Cabka is committed to providing safe and healthy working conditions for the prevention of work-related injury and ill health which are appropriate to the specific nature of the health and safety risks to which workers are exposed. This policy commits Cabka, in particular, to (i) identify hazards properly and assess health and safety risks and opportunities; (ii) ensure that workers are aware of relevant hazards and related occupational health and safety risks that can impact them; (iii) ensure all employees receive necessary training and (iv) establish and implement processes needed to prepare for and respond to potential emergency situations.

Cabka is in the process of rolling out a compliance monitoring system for environmental, health and safety matters, which will be used to automatically receive updates on environmental, health and safety requirements for all relevant jurisdictions.

At Cabka's site in Missouri, USA there has been a lethal accident due to a so-called arc flash produced by a machine in March 2018. Cabka and the Occupational Safety and Health Administration, which is part of the United States Department of Labor, investigated this accident. The Occupational Safety and Health Administration concluded that the incident was caused by human error. In respect of this incident no claims or legal proceedings have been filed.

At Cabka's production sites in Genthin (in July 2018) and Eifel (in August 2019) two fires broke out, neither of which have resulted in personal injury. Both matters have been resolved. However, the two fires caused damages in an aggregate amount of approximately EUR 1,800,000. The fire at the site in Genthin was caused by an evaporation of gases in an agglomerator, which led to flammable contaminants in the waste material to catch fire. The damages occurred in Genthin amount to approximately EUR 1,600,000 and have been reported to the Cabka Group's insurer. The fire at the site in Eifel was caused by exceedingly high temperatures in an extruder, leading to a glow and consequently kindling of residual material in the ventilation system. The damages occurred in Eifel amount to less than EUR 200,000. Accordingly, this has not been reported to the insurer.

To sum up, Cabka undertakes prevention measures at each site of the Cabka Group in order to establish a safe work environment and prevent accidents from happening. These measures mainly comprise of internal audits that record processes and actions undertaken so that learnings can be drawn and new processes developed.

Information Technology

Cabka identified the following information technology as material to its business: cyber security related services provided by CyberScope SL; printer equipment leased from De Lage Landen Leasing GmbH; managed infrastructure and cloud services provided by Savaco N.V.; SAP licenses (incl. maintenance) and related services sourced from Delaware Consulting CVBA and marketing tool software subscriptions sourced from HubSpot Germany GmbH.

Legal and Arbitration Proceedings

There are no legal or arbitration proceedings.

There are, however two out of court claims.

A customer of Cabka GmbH & Co. KG stated the withdrawal from a contract (value of contract: EUR 244,000) and claimed damages of EUR 15,000 for late delivery. Cabka GmbH & Co. KG rebutted this assessment and the declaration of withdrawal through a written claim notice. In case the withdrawal would be justified (which is currently disputed by Cabka GmbH & Co. KG), Cabka GmbH & Co. KG would suffer lost profits and the costs of the tool.

In addition, an Italian agent of Cabka claimed payment of allegedly outstanding commission fees. Cabka terminated the partnership. The agent claimed outstanding commission fees in relation to a list of customers and under a severance indemnity. The aggregate amount of the claim is approximately EUR 30,000. Cabka requested the agent to substantiate its claim, including proof that they have concluded sales for Cabka. The claim is currently assessed by a local legal advisor.

Intellectual Property

Cabka owns several patents as well as trademarks which are all registered in the name of Cabka Group GmbH & Co. KG. The "Dusseldorf pallet" has been co-developed by Cabka GmbH & Co. KG and LIDL Stiftung & Co. KG; consequently, related patents are co-owned by Cabka GmbH & Co. KG and LIDL Stiftung & Co. KG. Each of Cabka and Cabka Group GmbH & Co. KG license in a third party patent.

Material Agreements

Customers

Cabka's top three customers represented approximately 15% of total revenue in 2020 and are in total material for the Group's business. While the majority of the customer agreements are concluded between the respective customer and Cabka GmbH & Co. KG, the largest contract is concluded by Cabka with a Belgian customer.

While various customers procure products through individual purchase orders based on general terms and conditions, some customers have full-fledged frame agreements. These agreements are individually negotiated and therefore contain comparably versatile terms.

Some of the top customer agreements contain minimum capacity requirements or machine hours that need to be guaranteed by Cabka or in turn the respective customer, among which, the respective Cabka Group Company guarantees e.g. a minimum volume of machine hours or certain amounts of products that must be delivered over a specific term. In turn, under some of these agreements the customers undertake to guarantee a minimum quantity of machine utilisation or a minimum volume of products to be sourced. Cabka has been able to comply with these obligations during past years.

Furthermore, some of the top customer agreements contain exclusivity arrangements. These arrangements generally oblige Cabka to produce the relevant product exclusively for the respective customer. These exclusivity obligations concern specified products exclusively made for the respective customer and do not limit the ability of Cabka to conclude new customer relationships. Moreover, some customers undertake to use the Cabka Group as exclusive provider of the relevant products.

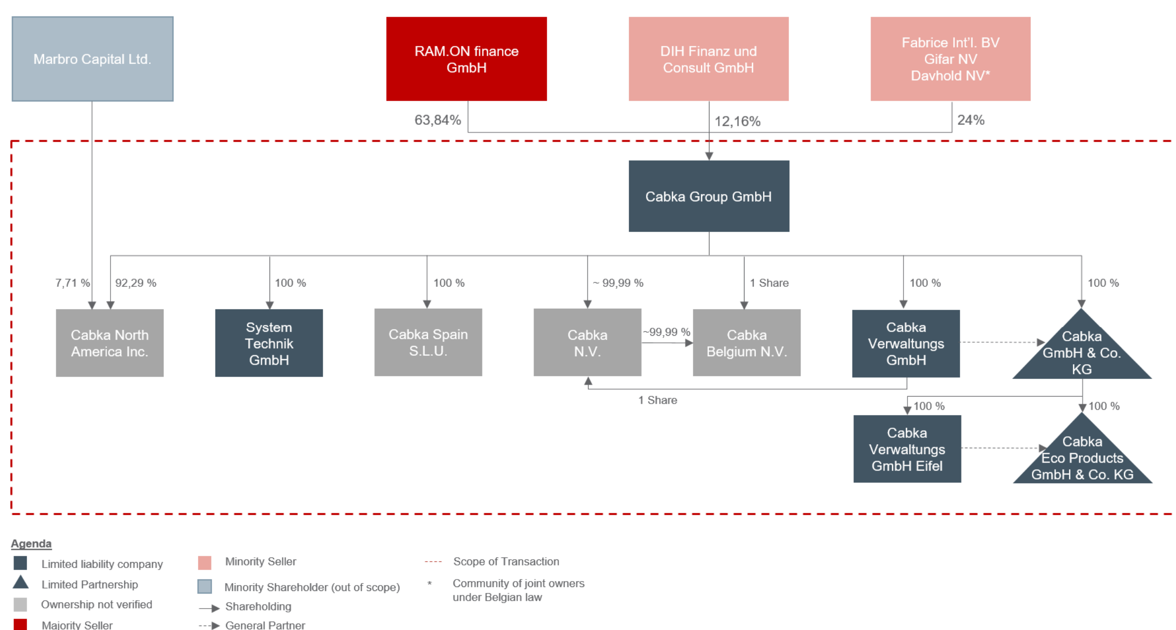
Suppliers

Cabka sources raw materials (e.g. recycled plastics) from several suppliers. In a few cases, the Cabka Group also guaranteed minimum sourcing quantities to the respective supplier. For example, the Cabka Group undertook to request a certain amount of recycled plastics from a supplier and has to compensate the respective supplier if such quantities are not met through its orders in a certain term. Cabka has been able to meet these volume commitments in recent years and such contractual minimum quantities did not lead to an oversupply.

Cabka has a balanced strategy regarding securing incoming goods. For instance, Cabka undertakes long-term contracts with certain suppliers, such as Veolia, to secure its feedstock.

Group Structure

The legal structure chart included below presents the current structure of Cabka Group as at the date of this Shareholder Circular:



Cabka Group GmbH (Germany): Cabka Group GmbH is a German private limited liability company with its registered seat in Berlin and business address at Wintersteinstr. 22, 10587 Berlin, Germany. Cabka Group GmbH is registered with the commercial register at the local court of Charlottenburg under registration number HRB 153237 B. Cabka Group GmbH has a share capital of EUR 3.363.421,00 divided into five (5) shares (with different par value). Cabka Group GmbH is the holding company of the Cabka Group. Cabka Group GmbH does not conduct any operational business but manages the overall activities of the Cabka Group.

Cabka GmbH & Co. KG (Germany): Cabka GmbH & Co. KG is a German limited partnership with its registered seat in Weira and its business address at Anne-Frank-Str. 1, 07806 Weira, Germany. Cabka Group GmbH & Co. KG is registered with the commercial register at the local court of Jena under registration number HRA 503133. Cabka GmbH & Co. KG has a partnership capital in the amount of EUR 2,556,200. Cabka GmbH & Co. KG's object is the administration and trading of real estate and participations and the assumption of central administration and coordination tasks. Further objects of the company are the development and distribution of recycling systems. The company also manufactures various products from partly self-produced plastic recyclates. Further objects of the company are the development and distribution of recycling systems; the environmentally friendly recycling of plastic waste and plastics of all kinds, the trade, distribution and further utilization of the resulting plastic granulate, furthermore the trade and distribution of the necessary machine accessories and complete plants; the development and manufacture of products from plastics and rubber, in

particular from residual materials of cable insulation and used tires. As such, Cabka GmbH & Co. KG is the main operational company in the group and conducts most business activities in Germany.

Cabka Verwaltungs GmbH (Germany): Cabka Verwaltungs GmbH is a German private limited liability company with its registered seat in Weira and business address at Anne-Frank-Str. 1, 07806 Weira, Germany. Cabka Verwaltungs GmbH is registered with the commercial register at the local court of Jena under registration number HRB 508592. Cabka Verwaltungs GmbH has a share capital of EUR 25,000.00. Cabka Verwaltungs GmbH serves as general partner and as such is responsible for the management of Cabka GmbH & Co. KG.

Cabka Eco Products GmbH & Co. KG (Germany): Cabka Eco Products GmbH & Co. KG is a German limited partnership with registered seat in Weira and its business address at Anne-Frank-Str. 1, 07806 Weira, Germany. Cabka Eco Products GmbH & Co. KG is registered with the commercial register at the local court of Jena under registration number HRA 50578. Cabka Eco Products GmbH & Co. KG has a partnership capital in the amount of EUR 150,000.00. Cabka Eco Products GmbH & Co. KG's object is the development, manufacture and distribution of various products made from mixed plastics, some of which are produced in-house. Further objects of the company are the development and production of recycling systems and recycling plants, the environmentally friendly recycling of plastic waste and plastics of all kinds, the trade, distribution and further use of the resulting plastic granulate.

Cabka Verwaltungs GmbH Eifel (Germany): Cabka Verwaltungs GmbH Eifel is a German private limited liability company with its registered seat in Bad Münstereifel and business address at Anne-Frank-Str. 1, 07806 Weira, Germany. Cabka Verwaltungs GmbH Eifel is registered with the commercial register at the local court of Bonn under registration number HRB 11502. Cabka Verwaltungs GmbH Eifel registered share capital amounts to EUR 25.564,59 (registered in outdated German currency DM as DM 50,000.00). Cabka Verwaltungs GmbH Eifel's object is the participation in companies, as well as the administration and management of companies engaged in the disposal of industrial waste of any kind, waste disposal on a municipal basis, the implementation of waste transportation, the production, processing and distribution of plastic and recycling products. Cabka Verwaltungs GmbH Eifel serves as general partner and as such is responsible for the management of Cabka Eco Products GmbH & Co. KG.

System Technik GmbH Werkzeugbau von der Konstruktion bis zur Musterung (Germany): System Technik GmbH Werkzeugbau von der Konstruktion bis zur Musterung (Germany) is a German private limited liability company with its registered seat in Weira and business address at Anne-Frank-Str. 1, 07806 Weira, Germany. The company is registered with the commercial register at the local court of Jena under registration number HRB 205858. System Technik GmbH Werkzeugbau von der Konstruktion bis zur Musterung has a registered share capital of EUR 30,050.00 divided into five (3) shares (with different par value). The company's object is the construction, repair and trade in plastic processing, the production of individual parts and small batches.

Cabka North America Inc. (the US): Cabka North America Inc.'s objective is the development, manufacture and distribution of various products made from partly self-produced plastic recyclates. For production, the company uses injection moulding techniques on machines, which differ in size, clamp force and throughput. Next to production, the company also developed and built recycling installations on which recycling of plastic waste takes place.

Cabka Spain S.L.U. (Spain): Cabka Spain operates an Innovation Center in Valencia, Spain, which focusses on the development of future products. The Innovation Center also undertakes testing for existing products in order to ensure market and legal requirements. Besides the Innovation Center researches on sustainability and the environmental impact of Cabka's products, as well as automation of the production. Experiences, developments and innovations made by Cabka's Group Companies are shared with and pooled in the Innovation Center to compile knowhow for the Cabka Group as a whole.

Innovation hub for product, material, process, and recycling technologies. Additionally, manages the output of Cabka's Alicante partner's *Material Handling*.

Cabka NV (Belgium): Cabka NV's objective is the development, manufacture and distribution of various products made from partly self-recycled plastics. For production, the company is using different injection moulding techniques on machines, which differ in application, size, clamp force and throughput.

Cabka Belgium NV (Belgium): Cabka Belgium NV's objective is the development, manufacture and distribution of various products made from partly self-recycled plastics. For production, the company uses compression moulding techniques on machines, which differ in size, clamp force and throughput. Next to the production of MH product, this company also produces ECO-products on different machines.

Regulation

Introduction regulatory framework

The Cabka Group's business operations are subject to government regulation in the form of national, local and EU laws and regulations. This includes, in particular, legislation in the environmental area, such as waste and packaging regulations.

European Union

Waste Framework Directive

The European Group Companies are involved in waste treatment, in particular with regards to plastic waste. In the European Union, waste and waste management is governed by Directive 2008/98/EC of 19 November 2008 on waste (the Waste Framework Directive, **WFD**), as amended, which had to be transposed into national law by the Member States by 12 December 2010. The main purpose of the WFD is to prevent waste generation. Where waste has been generated, the main goal is to prepare such waste for re-use or to recycle it. In this context, the WFD set a recycling target for the re-use and recycling of plastic waste from households of 50% weight by weight by 2020. It further sets a general target for the re-use and recycling of municipal waste, including plastic waste, of 55% by 2025.

The WFD generally requires a permit to be held for all waste treatment activities, but allows Member States to provide for an exemption for recovery operations, including recycling. In case where recovery activities are exempted from a permit requirement, they must be registered with the competent authority. Furthermore, operators of waste treatment facilities must comply with record keeping obligations, including in particular records of the quantity, nature and origin of waste and the quantity of products resulting from recycling operations

Transboundary Shipment of Waste

The European Group Companies are involved in the recycling of waste generated in other Member States. Therefore, their business is subject to Regulation (EC) No. 1013/2006 of 14 June 2006 on shipments of waste, as amended, which applies – amongst others – to the shipment of waste between Member States. The Regulation is directly applicable in all Member States. The Regulation provides for different regulatory procedures to be followed in case of shipments of waste between Member States, depending on the type of waste and its characteristics.

For instance, for certain plastic waste almost free from contamination, a mere information procedure applies. Generally no authority is involved in this procedure and it consists basically of accompanying the waste by a specific document, which is to be signed by the person arranging for the shipment and the person receiving the waste.

The shipment of waste requiring more supervision is subject to a so-called notification procedure, where the waste may only be shipped once a number of authorities have given their consent, i.e. the authority competent for the area where the shipment starts (so-called authority of dispatch), the authority of destination and, if applicable, the authority of transit. The procedure is complex and takes more than a month in many cases. However, it is possible to submit a general notification covering several shipments if the waste has basically similar characteristics and the waste is shipped to the same consignee and facility via the same route of shipment. The shipment of waste for which notification is required is subject to a financial guarantee or equivalent insurance covering costs of transport, recovery/disposal and storage.

Packaging and Packaging Waste

The feedstock used by the Cabka Group consists mainly of packaging waste. Packaging and packaging waste is subject to the provisions of Directive 94/62/EC of 20 December 1994 on packaging and packaging waste, as amended (**Packaging Directive**). The Member States had to transpose the Packaging Directive into national law by 30 June 1996. The main purpose of the Packaging Directive is to prevent the generation of packaging waste. The Packaging Directive has from its entry into force set recycling targets for packaging waste, which have become more ambitious over the years. Whereas, in 2008, the general minimum target by weight for recycling of plastic contained in packaging material amounted to 22.5%, it has been set at 50% for 2025 and 55% for 2030. Member States are obliged to set up systems for (i) the return and collection of used packaging/packaging waste from the final user or from the waste stream in order to channel it to the most appropriate waste management options and (ii) the reuse or recovery including recycling of the packaging/packaging waste collected.

REACH

The Cabka Group manufactures products from plastic waste, which can contain certain hazardous substances. Regulation (EC) No. 1907/2006 of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (**REACH**) applies, amongst others, to the use of certain hazardous substances in products. It imposes, for instance, registration, notification or authorization obligations or restricts the use of certain substances for certain uses. The Cabka Group must ensure that its products comply with the requirements under REACH.

Soil and groundwater liability

a. Germany

The liability regime for soil and groundwater contamination has not been harmonized on the EU level and is therefore set out in the national legislation of the Member States.

In Germany, existing and potential soil and groundwater contamination may trigger an obligation under the German Federal Soil Protection Act (*Bundes-Bodenschutzgesetz*, **BBodSchG**) to investigate, remediate or contain any such contamination. In addition, a competent authority may impose such measures by order on the liable parties at their expense. The "liable parties" in the sense of the BBodSchG are the actual polluter (including any universal legal successor), the registered owner of a property and a person or entity having factual control over the property, such as a tenant or the owner of a hereditary building right. Furthermore, a former owner of a property can be held liable by the authorities under certain circumstances. The competent authority decides, in its lawful discretion, on which of the liable parties such measures should be imposed.

b. Belgium

In Belgium, different soil and groundwater liability regimes apply for the Flemish Region (where the site in Ieper is located) and the Walloon Region (where the site in Herstal is located).

Under the Flemish Soil Statute (*Vlaams Bodemdecreet*) of 27 October 2006, the holder of an environmental permit or an integrated permit for the operation of listed activities (see further below) which are likely to cause pollution (so-called "risk activities", *risicoactiviteiten*), is primarily responsible for complying with the procedure and bearing the costs of performing (i) preliminary and descriptive soil surveys (*oriënterend bodemonderzoek and beschrijvend bodemonderzoek*), and/or remediation works, as the case may be, for plots of land which are "at risk" (*risicogronden*, i.e. plots on which risk activities take place or have taken place in the past). These obligations may apply on a regular basis (e.g. every 10 or 20 years, depending on the type of risk activities carried out), or if certain triggering events take place (such as the closure of the facility or a sale of the facility through an asset deal).

Under the Walloon Soil Statute (*Décret Sols*) of 1 March 2018, the holder of an environmental permit, a unique permit of an integrated permit for the operation of listed installations or activities which are likely to cause pollution (so-called "risk activities", *installation ou activité présentant un risque pour le sol*), is primarily responsible for complying with the procedure and bearing the costs of performing (i) preliminary and descriptive soil surveys (*étude d'orientation* and *étude de caractérisation*), and/or remediation works, as the case may be. In addition, a person requesting certain urban planning permits, unique permits or integrated permits for plots of land which are "at risk" (*terrains renseignés dans la banque de données de l'état des sols comme pollué ou potentiellement pollué*, i.e. plots on which risk activities take place or have taken place in the past or where soil pollution has been identified in the past) – in practice this is often the (current or future) operator of the site holding an environmental permit – may be responsible for complying with the procedure and bearing the costs for these obligations. These obligations apply if certain triggering events (*faits générateurs*) take place (such as the closure of the facility or the insolvency of the operator).

c. European Green Deal

The European Green Deal is one of the most important strategies of the European Union. It aims, inter alia, at ambitiously cutting greenhouse gas emissions and preserving Europe's natural environment. In the course of the implementation of the European Green Deal, new or stricter environmental regulations will become applicable to the Cabka Group. This may, for instance, be the case with regards to the reduction of emissions and of energy consumption. Further, future obligations to further reduce packaging may affect the Cabka Group's business.

United States

In the United States, businesses are subject to a wide range of stringent federal, state, and local environmental rules and regulations, including those governing water discharges, air emissions, management and use/handling of hazardous substances, and environmental recordkeeping, testing, and reporting. Violations can result in significant financial penalties per violation. In severe cases, regulatory authorities may require that a violator suspend operations or impose criminal sanctions.

Depending on a business's activities, permits may be required from local, state, and federal authorities for activities including but not limited to discharges to water under the Clean Water Act, air emissions under the Clean Air Act, hazardous substance use and maintenance under the Toxic Substances Control Act, and resource Conservation and Recovery Act (RCRA), solid waste control (under RCRA), natural resource impacts (under laws including the Endangered Species Act), and more.

An acquirer of real property or any business in the United States could become subject to investigation or clean-up obligations, or related third-party personal injury or property damage claims, in connection with onsite or offsite contamination issues or other noncompliance with regulatory requirements. In particular, we note that the United States is not a "polluter pays" jurisdiction. In other words, even innocent parties such as current and former property owners and operators can be held liable for investigation and clean-up costs at properties where there has been a "release" or a "threatened release" of hazardous substances. Such laws can also require so-called "potentially responsible parties" to fund the restoration of damaged natural resources and/or agree to restrictions on future uses of properties.

Liability under such laws can be strict, joint, several and retroactive; one party can be held responsible for the entire cost of addressing a contaminated site, even if that party was not at fault, if the contamination was caused by an unrelated third party many years in the past or if there are a number of potentially responsible parties. Accordingly, any acquirer of a U.S. business or U.S. real property could incur liability (whether as a result of government enforcement or private personal injury or property damage claims) for known or unknown liabilities at, or caused by migrations from, the acquired facilities or properties.

Overview permits and licenses of Cabka

Below is an overview of the operational permits and licenses held by Cabka.

Permit / licence	**Authority / body**	**Initial issuing date**	**Most recent renewal date**	**Term**
Germany				
Permit under the Federal Emissions Control Act (*Bundes-Immissionsschutzgesetz*) for the temporary storage and the treatment of non-hazardous waste at the Genthin site	Landesverwaltungs-amt Sachsen-Anhalt	20 November 2018	n/a	n/a
Permit under the Federal Emissions Control Act (*Bundes-Immissionsschutzgesetz*) for the temporary storage and the treatment of non-hazardous waste at the Weira site	Saale-Orla-Kreis	4 January 2017	n/a	n/a
Facility Certificate (*Anlagenzertifikat*) confirming that the recycling facility of Cabka Eco Products GmbH & Co. KG in Weira complies with the requirements of the German Packaging Act (*Verpackungsgesetz*)	ecocycle GmbH	20 August 2021	n/a	28 February 2022
Facility Certificate (*Anlagenzertifikat*) confirming that the recycling facility of Cabka Eco Products GmbH & Co. KG in Genthin complies with the requirements of the German Packaging Act (*Verpackungsgesetz*)	ecocycle GmbH	1 June 2021	n/a	25 April 2022

Permit / licence	Authority / body	Initial issuing date	Most recent renewal date	Term
Belgium				
Environmental permit N° 22/2005 for the site in Herstal	Municipal authorities of Herstal (*Collège échévinal de la ville de Herstal*)	10 July 2006	n/a (environmental permits are « renewed » by granting an entirely new permit replacing the previous)	20 years
Environmental permit N° 33011/245/2/A/4, as amended from time to time, for the site in Ieper	Provincial authorities of West-Flanders (*Deputatie van de Provincieraad van West-Vlaanderen*)	18 June 2009, amended on 5 January 2012 and 12 July 2012	n/a (environmental permits are « renewed » by granting an entirely new permit replacing the previous)	20 years
United States				
Business License Number 232 for the site in St. Louis, MO, USA, Business Activity: Manufacturer of Pallets, Zoning Code I-2 Heavy Industrial/Prefabrication	Hazelwood City Council	n/a		15 March 2022

Germany

In Germany, the permitting regime for waste storage and treatment plants is laid down in the Federal Emissions Control Act (*Bundes-Immissionsschutzgesetz*, (BImSchG)) in connection with the Federal Ordinance on Facilities Subject to Permits (*Verordnung über genehmigungsbedürftige Anlagen*). The question of whether a permit is required depends, in particular, on the treatment procedure as well as the type and amount of waste. The relevant Cabka Group Companies hold permits for waste storage and treatment under the BImSchG for each of its German production sites.

Eco Products GmbH & Co. KG recycles packaging waste as defined by the EU's Packaging Directive. The Packaging Directive has been implemented into German law by the Federal Packaging Act (*Verpackungsgesetz* (VerpackG)). In line with the VerpackG, a number of collective systems have been set up, which assume the packaging producers' responsibility for the collection and recycling of packaging waste from households. The collective systems, which are financed by the packaging producers, must evidence the recovery/recycling of collected packaging waste each year vis-à-vis the competent authority. The competent authority recognises recycled amounts of packaging only if the recycling process complies with certain criteria. In particular, plastic recycling facilities, such as the ones operated by Eco Products GmbH & Co. KG in Genthin and Weira, must hold a so-called Facility Certificate (*Anlagenzertifikat*) issued by a registered expert (*registrierter Sachverständiger*). Eco Products GmbH & Co. KG recycles packaging waste for collective systems and holds the required certificates for the sites in Weira and Genthin.

Belgium

Ieper site

The site in Ieper qualifies as "listed facility" (*ingedeelde inrichting*) under the Flemish environmental legislation. A listed facility required (in the past) an environmental permit (*milieuvergunning*) which was granted on the basis of the Flemish environmental permit statute of 28 June 1985, that applied until 23 February 2017 (the **Flemish Environmental Permit Statute**), and currently requires an integrated permit (*omgevingsvergunning*), which is granted on the basis of the Flemish integrated permit statute of 25 April 2014, which applies since 23 February 2017.

Environmental permits that were granted on the basis of the Flemish Environmental Permit Statute remain valid under the Flemis Integrated Permit Statute of 25 April 2014 (either until their expiry date, or for an undetermined period of time, if duly converted into an integrated permit; such conversion is to be achieved either through a simplified procedure (to be applied between the 36th and 48th month before the expiry date of the environmental permit), or through a renewal of the environmental permit (between the 24th and 12th month before the expiry date of the environmental permit). Usually, an integrated permit remains valid for an undetermined period of time/does not have an expiry date (unless expressly provided otherwise in the permit conditions).

The environmental permit N° 33011/245/2/A/4 for the facility in Ieper mentions that, according to the Flemish Public Waste Agency (OVAM), the facility does not itself carry out waste treatment because the necessary recovery operations (crushing, washing, sorting, etc.) are already carried out at another facility and the plastic materials used as inputs at the Ieper facility can immediately be used for production, without prior treatment. As such, no specific permits or conditions under waste legislation apply to the Ieper facility. However, OVAM emphasises that this hinges on the condition that the raw materials are 100% useable when they arrive at the Ieper facility (and they do not need to be sorted, undergo extra actions, etc. before being used as inputs).

Herstal site

The site in Herstal qualifies as "listed facility" (*établissement*) subjected to the Walloon environmental legislation. Listed facilities in Wallonia require a permit, which may, e.g., be an environmental permit (*permis de l'environnement*) or a unique permit (*permis unique*, combining an environmental permit with an urban planning permit) under the Walloon environmental permit statute of 11 March. The environmental permit N° 22/2005 held by the Herstal site permits, *inter alia*, facilities for the grouping or sorting of household waste, as well as facilities for the disposal, treatment or valorisation of waste.

The US

The site in St. Louis, Missouri possesses a business license issued by the city of Hazelwood (a municipality near St. Louis). The permit authorises the site to operate the listed business, which is manufacturing pallets. The business license appears to be a standard permit that allows the business to operate legally within the municipality.

Permitting requirements for businesses in the United States may be administered at the federal, state, and local level, and businesses may require various permits to operate and maintain compliance with environmental and other legal regimes. Certain US permitting requirements, including with respect to handling and disposal of plastics, are less robust than those of many European jurisdictions. However, any business operating in the US may be subject to a variety of other federal, state, and local (municipal) operational or environmental permitting obligations, including with respect to, e.g., air emissions, wastewater discharge, or handling of hazardous substances.

CAPITALISATION AND INDEBTEDNESS

The tables below set out Cabka's capitalisation and indebtedness as at 30 September 2021, on an actual basis and as adjusted to reflect the Business Combination at the Completion Date. The information set out in the tables below should be read in conjunction with and is qualified by reference to sections, *"Important Information – Presentation of Financial and Other Information"*, *"Selected Consolidated Financial Information"*, "*Operating and Financial Review*" and "*Index to Financial Statements*".

The following table shows Cabka's capitalisation as at 30 September 2021.

Capitalisation

	As at 30 September 2021	Adjustment for Business Combination(1)	As adjusted for Business Combination
		(in € millions)	
Total current debt	**21.0**	**0.6**	**21.6**
Guaranteed	-	-	-
Secured	21.0	-	21.0
Unguaranteed/Unsecured	-	0.6	0.6
Total non-current debt (excluding current portion of long-term debt)	**40.4**	**8.0**	**48.4**
Guaranteed	-	-	-
Secured	35.4	(8.5)	26.9
Unguaranteed/Unsecured	5.0	16.5	21.5
Shareholder equity	**36.4**	**(1.2)**	**35.2**
a. Share capital	3.4	0.0	3.4
b. Legal reserves	-	-	-
c. Other reserves	33.0	(1.2)	31.8
Total capitalisation	**97.8**	**7.4**	**105.2**

1. Includes IFRS-16 adjustments following financial due diligence and DSC2 balance sheet adjustments. In addition, this adjustment assumes a reclassification of redeemable ordinary shares into shareholders equity since at Completion under IFRS DSC2's ordinary shares do not classify as redeemable anymore.

The following table shows Cabka's indebtedness as at 30 September 2021.

Indebtedness

	As at 30 September 2021	Adjustment for Business Combination(1)	As adjusted for Business Combination
		(in € millions)	
A. Cash	4.7	45.8	50.4
B. Cash equivalents	-	-	-
C. Other current financial assets	-	-	-
D. Liquidity (A)+(B)+(C)	**4.7**	**45.8**	**50.4**
E. Current financial debt	-	0.6	0.6
F. Current portion of non-current financial debt	21.0	-	21.0
G. Current financial indebtedness (E)+(F)	**21.0**	**0.6**	**21.6**

	As at 30 September 2021	Adjustment for Business Combination[1]	As adjusted for Business Combination
H. Net current financial indebtedness (G)-(D)	**16.3**	**(45.2)**	**(28.8)**
I. Non-current financial debt	40.4	8.0	48.4
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I)+(J)+(K)	**40.4**	**8.0**	**48.4**
M. Total financial indebtedness (H)+(L)	**56.7**	**(37.2)**	**19.6**

1. Includes IFRS-16 adjustments following financial due diligence and DSC2 balance sheet adjustments. In addition, this adjustment assumes a reclassification of redeemable ordinary shares into shareholders equity since at Completion under IFRS DSC2's ordinary shares do not classify as redeemable anymore. Furthermore assuming no dissenting shareholders. Numbers do not add up due to rounding.

Pro-forma aggregated balance sheet Cabka and DSC2

Readers are referred to the below pro-forma aggregated balance sheet of Cabka and DSC2 for further detail. This balance sheet assumes accounts per 30 September 2021, a EUR 110 million transaction pre-costs, EUR 63.3 million buy-out of passive minority shareholders and no dissenting shareholders. Any dissenting shareholders will pro-rata decrease the transaction size and thus decrease cash-in for Cabka following Completion. In addition, in identifying Cabka as the accounting acquirer, a high-level and preliminary analysis was taken into account on (i) the background of the Business Combination, (ii) the BCA, (iii) the anticipated share ownership and voting rights of the Combined Company, (iv) the intended corporate governance structure of the Combined Company, and (v) the designation of certain senior management positions.

Pro-forma aggregrated balance sheet Cabka + DSC2 (EURm) | No dissenting shareholders	Cabka	Cabka	Cabka	DSC2	DSC2	Pro-forma aggregrated
	30 September 2021 HGB, unaudited	30 September 2021 Est. IFRS-16 adjustments	30 September 2021 IFRS-16 adjusted, unaudited	30 September 2021 Standalone IFRS, unaudited	30 September 2021 Reclassified IFRS, unaudited	30 September 2021 IFRS, unaudited
Goodwill	0.1	0.0	0.1			0.1
Other intangible fixed assets	0.5		0.5			0.5
Tangible fixed assets	61.2	(8.5)	52.7			52.7
Right-of-use assets		16.4	16.4			16.4
Financial fixed assets	0.1		0.1			0.1
Fixed assets	**61.8**	**8.0**	**69.8**	**-**	**-**	**69.8**
Inventories	30.3		30.3			30.3
Trade receivables	28.0		28.0			28.0
Other receivables	7.3		7.3			7.3
Current assets	**65.5**	**-**	**65.5**	**-**	**-**	**65.5**
Cash and cash equivalents	**4.7**		**4.7**	**109.1**	**45.8**	**50.4**
TOTAL ASSETS	**132.0**	**8.0**	**140.0**	**109.1**	**45.8**	**185.8**
Issued and paid-up share capital	3.4		3.4	0.0	0.0	3.4
Capital reserves	12.8	(0.1)	12.8		46.7	59.5
Other capital gains	0.2		0.2			0.2
Currency translation adjustment	(0.4)		(0.4)			(0.4)
Profit and loss carried forward	17.8		17.8			17.8
Annual profit or loss	2.6	0.5	3.1	(1.7)	(1.7)	1.4
Equity	**36.4**	**0.4**	**36.8**	**(1.6)**	**45.1**	**81.9**
Bank loans	47.9		47.9			47.9
Capital lease	8.5	(8.5)	-			-
Subordinated Loan	5.0		5.0			5.0
Lease liability		16.5	16.5			16.5
Redeemable ordinary shares				110.0		
Non-current liabilities	**61.4**	**8.0**	**69.4**	**110.0**	**-**	**69.4**
Trade payables	18.3		18.3			18.3
Other payables	16.0	(0.5)	15.5	0.1	0.1	15.6
Warrants				0.6	0.6	0.6
Current liabilities	**34.2**	**(0.5)**	**33.7**	**0.7**	**0.7**	**34.4**
EQUITY AND LIABILITIES	**132.0**	**8.0**	**140.0**	**109.1**	**45.8**	**185.8**

The below pro-forma aggregated balance sheet of Cabka and DSC2 is based on the same assumptions as described above, except that this balance sheet assumes that 30% of DSC2's shareholders will dissent.

Pro-forma aggregrated balance sheet Cabka + DSC2 (EURm) | 30% / max number of dissenting shareholders	Cabka	Cabka	Cabka	DSC2	DSC2	Pro-forma aggregrated
	30 September 2021 HGB, unaudited	30 September 2021 Est. IFRS-16 adjustments	30 September 2021 IFRS-16 adjusted, unaudited	30 September 2021 Standalone IFRS, unaudited	30 September 2021 Reclassified IFRS, unaudited	30 September 2021 IFRS, unaudited
Goodwill	0.1	0.0	0.1			0.1
Other intangible fixed assets	0.5		0.5			0.5
Tangible fixed assets	61.2	(8.5)	52.7			52.7
Right-of-use assets		16.4	16.4			16.4
Financial fixed assets	0.1		0.1			0.1
Fixed assets	**61.8**	**8.0**	**69.8**	**-**	**-**	**69.8**
Inventories	30.3		30.3			30.3
Trade receivables	28.0		28.0			28.0
Other receivables	7.3		7.3			7.3
Current assets	**65.5**	**-**	**65.5**	**-**	**-**	**65.5**
Cash and cash equivalents	**4.7**		**4.7**	**109.1**	**13.1**	**17.7**
TOTAL ASSETS	**132.0**	**8.0**	**140.0**	**109.1**	**13.1**	**153.0**
Issued and paid-up share capital	3.4		3.4	0.0	0.0	3.4
Capital reserves	12.8	(0.1)	12.8		14.0	26.8
Other capital gains	0.2		0.2			0.2
Currency translation adjustment	(0.4)		(0.4)			(0.4)
Profit and loss carried forward	17.8		17.8			17.8
Annual profit or loss	2.6	0.5	3.1	(1.7)	(1.7)	1.4
Equity	**36.4**	**0.4**	**36.8**	**(1.6)**	**12.4**	**49.2**
Bank loans	47.9		47.9			47.9
Capital lease	8.5	(8.5)	-			-
Subordinated Loan	5.0		5.0			5.0
Lease liability		16.5	16.5			16.5
Redeemable ordinary shares				110.0		
Non-current liabilities	**61.4**	**8.0**	**69.4**	**110.0**	**-**	**69.4**
Trade payables	18.3		18.3			18.3
Other payables	16.0	(0.5)	15.5	0.1	0.1	15.6
Warrants				0.6	0.6	0.6
Current liabilities	**34.2**	**(0.5)**	**33.7**	**0.7**	**0.7**	**34.4**
EQUITY AND LIABILITIES	**132.0**	**8.0**	**140.0**	**109.1**	**13.1**	**153.0**

Significant Changes in Capitalisation and Indebtedness since 30 September 2021

Since 30 September 2021, there has been no material change in any of the information included in the tables above, except for ordinary course repayments on the bank loans.

Indirect and Contingent Indebtedness

As of the date of this Shareholder Circular, there has been no material change to the indirect and contingent indebtedness as described in the Financial Statements (as included in this Shareholder Circular beginning on page 139) and the interim financial information.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information of Cabka, as at and for the years ended 31 December 2020, 2019 and 2018 set forth below, has been derived from the Financial Statements included elsewhere in this Shareholder Circular, which have been prepared in accordance with German GAAP and audited by Bansbach, an independent auditor. The financial information has been extracted and presented without material adjustment to the presentation in the Financial Statements.

The selected consolidated financial information set out below is a summary only. It may not contain all the information that is important to prospective investors and, accordingly, should be read in conjunction with sections *"Important Information – Presentation of Financial and Other Information"*, "*Capitalisation and Indebtedness*", "*Operating and Financial Review"* and "*Risk Factors*".

Conversion from German GAAP to IFRS

Cabka's financial statements have historically been prepared under German GAAP. As a result of the Business Combination, Cabka must convert its German GAAP-based financial information to IFRS. This conversion will have an impact on the financial information and disclosures of Cabka and the precise impact will only be understood when the conversion of the financial information is complete in 2022.

To estimate the possible impacts of the conversion, a high-level gap assessment has been conducted between the accounting policies currently applied under German GAAP and IFRS. There are multiple differences between German GAAP and IFRS and the magnitude of each relevant difference may not yet be currently known.

Lease accounting and the application of IFRS 16 will represent a significant difference and the financial metrics which will be impacted by the transition to IFRS include but are not limited to:

(i) Total assets and total liabilities, which will increase due to the recognition of new right-of-use assets and lease liabilities relating to operating leases[10] under IFRS 16 Leases; and

(ii) EBITDA which will increase due to the reduction in operating expenses and increase in depreciation and interest arising from the implementation of IFRS 16 Leases.

A high-level and indicative estimate for the impact of IFRS 16 on EBITDA is presented below under "*Alternative Performance Measures*", where the impact on the nine month period ended on 30 September 2021 is an increase in EBITDA of EUR 2.1m.[11]

Although the most significant impact is expected to arise from the implementation of IFRS 16 Leases, other significant impacts cannot be ruled out and the extent to which other topics effect the financial statements of Cabka will depend on the outcome of the conversion project.

Input for the unaudited pro forma condensed combined financial information

The following unaudited pro forma condensed combined financial information gives effect to the Business Combination contemplated. The Business Combination is expected to be accounted for as a reverse acquisition where Cabka is the accounting acquirer for financial reporting purposes. Accordingly, the Business Combination is expected to be reflected as the equivalent of Cabka issuing equity in return for the net assets of DSC2, whereby no goodwill or other intangible assets are recorded.

[10] Operating leases are accounting for off balance sheet under German GAAP.
[11] Unaudited

The unaudited pro forma condensed combined balance sheet gives effect to the Business Combination as if it had occurred on 30 September 2021. The unaudited pro forma combined balance sheet is based on Cabka's and DSC2's historical balance sheets as of 30 September 2021 and adjusted as follows:

(i) Cabka's consolidated balance sheet has been adjusted to reflect any differences which were quantified as part of a high-level gap assessment to identify differences between German GAAP and IFRS;

(ii) DSC2's balance sheet has been adjusted in comparison to the accounting policies disclosed in its interim financial statements as of 30 June 2021 with respect to the classification and presentation of (financial) instruments issued by DSC2; and

(iii) DSC2's balance sheet has been adjusted to reflect the use of the available funds necessary to finance the Business Combination as if it had taken place on 30 September 2021.

The adjustments made to produce the unaudited pro forma condensed combined financial information are based on the best information available to Cabka and DSC2 and certain assumptions that Cabka and DSC2 believe to be reasonable. These adjustments could materially change once the IFRS conversion and the accounting analysis of the Business Combination are finalised.

The outcome of the conversion to IFRS may vary materially from the information included in this Shareholder Circular. Accordingly, no assurance can be provided that the impact of the IFRS conversion and the accounting for the Business Combination will not differ from the information reflected in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the Combined Company's financial position that would have been realised had the Business Combination occurred as of 30 September 2021, nor is it meant to be indicative of any anticipated combined financial position that the Combined Company will report after Completion.

Selected Consolidated Income Statement

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2019**	**2018**	**9M 2021**	**9M 2020**
			(€, thousands)		
Sales	134,552	160,557	156,894	121,389	98,340
Inventory changes	(1,188)	2,493	(254)	(4,105)	(3,397)
Own work capitalised	2,496	4,742	3,218	1,020	1,764
Other operating income	2,927	1,859	2,778	1,732	1,122
Cost of materials					
a. Cost of raw materials, consumables and supplies and of purchased goods	(54,725)	(68,380)	(69,044)	(49,170)	(38,793)
b. Cost of purchased services	(9,780)	(17,076)	(11,945)	(6,923)	(4,193)
Personnel expenses					
a. Wages and salaries	(26,353)	(28,852)	(28,027)	(21,750)[12]	(19,823)
b. Social security and old age pension cost	(4,752)	(5,520)	(5,003)	(3,708)	(3,484)
thereof for old age pensions:	(28)	(43)	(88)	(18)	(23)
Depreciation					
Depreciation and amortisation on intangible fixed assets and tangible fixed assets	(18,220)	(17,819)	(15,601)	(12,543)	(13,973)
Other operating expenses	(24,209)	(24,981)	(24,780)	(19,489)	(16,448)
Other interest and similar income	9	1	39	0	0
Interest and similar expenses	(2,350)	(3,573)	(2,270)	(1,562)	(1,728)
Taxes on income	(813)	(1,379)	(2,345)	(1,835)	(1,075)

[12] Including EUR 1.35m Existing VSOP accruals.

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	9M 2021	9M 2020
			(€, thousands)		
Result after taxes...............................	(2,407)	2,072	3,660	3,055	(1,689)
Other taxes	(807)	(799)	(845)	(675)	(644)
Net income	(3,214)	1,273	2,815	2,380	(2,333)
Deduction of minority interests at annual result	183	41	93	172	152
Profit carried forward from previous year	20,824	19,510	16,603	17,793	20,032
Balance sheet profit...........................	17,793	20,824	19,511	20,345	17,851

Selected Consolidated Statement of Financial Position

		As at 31 December			As at 30 September	
		2020	2019	2018	2021	2020
				(€, thousands)		
A	**FIXED ASSETS**					
I	**Intangible assets**					
	1. Self-created industrial property rights and similar rights and values	92	244	-	56	183
	2. Industrial rights and assets and similar rights and assets	904	1,736	2,551	348	1,074
	3. Goodwill	90	122	12	68	98
	4. Payments on account for intangible assets	26	19	-	76	26
		1,112	**2,121**	**2,563**	**547**	**1,380**
II	**Property, plant and equipment**					
	1. Land, land rights and buildings	12,870	14,416	15,130	12,460	13,159
	2. Technical plant and machines	35,544	43,160	42,929	30,805	40,919
	3. Other assets, factory and office equipment	11,812	9,642	10,478	9,706	11,816
	4. Payments on account and assets under construction	4,033	6,684	8,388	8,220	4,819
		64,259	**73,902**	**76,925**	**61,191**	**70,713**
III	**Financial assets**					
	1. Shares of affiliates enterprises	87	87	87	87	87
	2. Participations	3	3	3	3	3
		90	**90**	**90**	**90**	**90**
		65,461	**76,113**	**79,578**	**61,828**	**72,183**
B	**CURRENT ASSETS**					
I	**Inventories**					
	1. Raw materials, consumables and supplies	8,349	11,490	10,034	12,802	9,267
	2. Work in progress / Services	2,012	2,680	2,546	2,664	2,238
	3. Finished goods and merchandise	14,792	16,092	13,204	14,801	16,794
		25,152	**30,262**	**25,784**	**30,267**	**28,298**
II	**Receivables and other assets**					
	1. Trade receivables	20,484	20,088	21,512	27,975	17,058
	2. Receivables from shareholders	-	-	21	-	14
	3. Other assets	1,749	2,159	2,190	3,190	1,093
		22,233	**22,247**	**23,723**	**31,166**	**18,165**
III	**Cash and cash equivalents**	**9,178**	**19,485**	**6,751**	**4,651**	**9,998**
		56,563	**71,994**	**56,258**	**66,083**	**56,461**
C	**PREPAID EXPENSES**	**2,045**	**1,636**	**1,049**	**4,108**	**2,468**
TOTAL ASSETS		**124,069**	**149,743**	**136,885**	**132,020**	**131,112**
A	**EQUITY**					
I	**Subscribed capital**	3,363	3,363	3,363	3,363	3,362
II	**Capital reserve**	12,528	12,528	12,528	12,528	11,242

	As at 31 December			As at 30 September	
	2020	2019	2018	2021	2020
			(€, thousands)		
III Retained earnings	285	285	285	285	2,055
IV Balance sheet profit	17,793	20,824	19,511	20,345	17,851
V Equity capital difference from currency conversion	(543)	341	200	(357)	238
VI Adjustment item for minority interests	365	945	974	210	792
	33,792	**38,286**	**36,861**	**36,374**	**35,540**
B SPECIAL ITEM	**621**	**162**	**158**	**615**	**170**
C ACCRUALS					
1. Tax accruals	880	1,743	1,513	892	595
2. Other accruals	5,721	5,765	4,963	10,886	5,540
	6,601	**7,508**	**6,476**	**11,778**	**6,135**
D LIABILITIES					
1. Liabilities to banks	50,254	61,755	44,608	52,921	56,258
2. Liabilities from finance leasing	12,215	17,769	24,096	8,497	13,525
3. Payments received on account of orders	530	-	1,452		
4. Trade payables	15,230	20,801	19,894	18,262	15,377
5. Payables to affiliated enterprises	93	83	65		
6. Liabilities to shareholders	1,492	-			2,100
7. Other liabilities	2,772	2,419	2,482	3,103	1,451
	82,585	**102,827**	**92,597**	**82,783**	**88,712**
E ACCRUED EXPENSES	**0**	**440**	**266**	**0**	**34**
F DEFERRED TAX LIABILITIES	**470**	**520**	**527**	**470**	**520**
TOTAL EQUITY AND LIABILITIES	**124,069**	**149,743**	**136,885**	**132,020**	**131,112**

Selected Consolidated Statement Cash Flows

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Profit from the period (consolidated net income for the financial year including minority interests)	**(3,214)**	**1,273**	**2,815**	**2,380**	**(2,333)**
Depreciation of fixed assets	18,220	17,819	15,600	12,543	13,973
Increase in long-term accruals	427	1,092	103	5,646	24
Other non-cash expenses/income	641	49	(725)	(838)	79
Increase/decrease in inventories, trade receivable and other assets not related to investing or financing activities	4,423	(3,882)	1,280	(16,146)	5,761
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	(4,179)	1,313	(2,702)	1,464	(4,958)
Gain(-)/loss on disposal of fixed assets	91	(14)	(365)	(268)	(68)
Interest expense	2,145	3,128	1,423	1,356	1,555
Income from special items	(10)	(12)	(62)	(7)	(6)
Income tax expense	813	1,379	2,393	1,835	1,075
Income taxes paid	(2,594)	(1,142)	(1,473)	(1,451)	(3,104)
Cash flow from operating activities (1)	**16,763**	**21,003**	**18,287**	**6,514**	**11,998**
Proceeds from disposal of intangible fixed assets	0	0	0	0	0
Payments to acquire intangible fixed assets	(142)	(583)	(274)	(177)	(107)
Proceeds from disposal of tangible fixed assets	4,093	336	201	1,141	916
Payments to acquire tangible fixed assets	(12,408)	(13,869)	(26,017)	(10,841)	(10,788)
Proceeds from disposal of long-term financial assets	0	0	500	0	0
Payments to acquire long-term financial	0	0	(34)	0	0

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
assets					
Payments for increases in the scope of consolidation	0	0	0	0	0
Cash flow from investing activities (2)	**(8,457)**	**(14,116)**	**(25,624)**	**(9,877)**	**(9,979)**
Payment to minorities	(220)	0	0	0	(220)
Proceeds from borrowings (including finance leasing)	40	55,342	10,535	0	40
Repayments for borrowings (including finance leasing)	(17,096)	(34,879)	(6,247)	(1,049)	(9,781)
Proceeds from grants received	10	12	62	7	6
Interest paid	(2,145)	(3,128)	(1,423)	(1,356)	(1,555)
Cash flow from financing activities (3)	**(19,411)**	**17,347**	**2,927**	**(2,398)**	**(11,510)**
Net change in cash funds (1) + (2) + (3)	**(11,105)**	**24,234**	**(4,410)**	**(5,761)**	**(9,491)**
Effect on cash funds from exchange rate changes and remeasurements	798	(224)	(409)	1,234	4
Effect on cash funds from changes in the scope of consolidation	0	0	0	0	0
Cash funds at beginning of period	19,485	(4,525)	294	9,178	19,485
Cash funds at end of period	**9,178**	**19,485**	**(4,525)**	**4,651**	**9,998**

Alternative Performance Measures

The tables below present certain non-German GAAP financial measures, which are not liquidity or performance measures under German GAAP, and which Cabka considers to be APMs. These APMs are prepared in addition to the figures that are prepared in accordance with German GAAP. Cabka uses APMs to provide additional information to investors and to enhance their understanding of its results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to German GAAP. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by Cabka's peers. See section "*Important Information – Presentation of Financial and Other Information*" and "*Important Information – Alternative Performance Measures"* for more information, including the definitions of these measures.

	For the year ended 31 December			For the nine months ended 30 September[13]	
	2020	2019	2018	2021	2020
			(%)		
Gross Margin[14]	55.2	52.4	50.6	52.7	55.8
Underlying EBITDA Margin	15.0	15.5	12.7	16.8	16.1
IFRS adjusted Underlying EBITDA Margin	16.3	16.5	N/A[15]	18.6	17.4

The figures used in the reconciliation tables below have been derived from the Financial Statements, as included in this Shareholder Circular beginning on page 139.

[13] The nine month figures are not comparable to the full year figures, as the underlying metrics are partly prepared differently.
[14] Gross Margin/Gross Profit is including the temporary employment under material costs according to the Handelsgezetsbuch.
[15] IFRS 16 lease impact has only been calculated for FY2019 and FY2020, not for FY2018.

Reconciliation of Revenue

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Total sales	134,552	160,557	156,894	121,389	98,340
One-off settlement costs large customers	-	-	(4,500)[16]	-	-
Revenue	**134,552**	**160,557**	**152,394**	**121,389**	**98,340**

Reconciliation of Gross Profit

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Revenue (as reconciled above)	134,552	160,557	152,394	121,389	98,340
Inventory changes	(1,188)	2,493	(254)	(4,105)	(3,397)
Own work capitalised	2,496	4,742	3,218	1,020	1,764
Other operating income	2,927	1,859	2,778	1,732	1,122
Cost of raw materials, consumables and supplies and of purchased goods	(54,725)	(68,380)	(69,044)	(49,170)	(38,793)
Cost of purchased services	(9,780)	(17,076)	(11,945)	(6,923)	(4,193)
Gross Profit	**74,283**	**84,195**	**77,147**	**63,943**	**54,843**

Reconciliation of EBITDA

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Net income	(3,214)	1,273	2,815	2,380	(2,333)
Other taxes	807	799	845	675	644
Taxes on income	813	1,379	2,345	1,835	1,075
Interest and similar expenses	2,350	3,573	2,270	1,562	1,728
Other interest and similar income	(9)	(1)	(39)	(0)	(0)
Depreciation and amortisation on intangible fixed assets and tangible fixed assets	18,220	17,819	15,601	12,543	13,973
Existing VSOP accruals	0	0	0	1,350	0
EBITDA[17]	**18,968**	**24,842**	**23,837**	**20,345**	**15,087**

Reconciliation of Underlying EBITDA

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
EBITDA (as reconciled above)	18,968	24,842	23,837	20,345	15,087
Non-recurring items[18]	1,236	66	(4,500)	83	743
Underlying EBITDA	**20,204**	**24,908**	**19,337**	**20,428**	**15,830**

16 Comprises adjustment of a one-off positive impact of settlement with a single large customer.

17 Most of transaction expenses related to the Business Combination are assumed to be incurred in 2022F and therefore not presented in 2021 figures.

18 Management adjustments for non-recurring items such as reorganization costs, large customer settlements and rebranding expenses. Most of transaction expenses related to the Business Combination are assumed to be incurred in 2022F and therefore not presented in 2021 figures.

Reconciliation of IFRS Adjusted Underlying EBITDA

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Underlying EBITDA (as reconciled above)	20,204	24,908	19,337	20,428	15,830
Estimated IFRS impact[19]	1,730	1,519	N/A[20]	2,097	1,236
IFRS Adjusted Underlying EBITDA	**21,934**	**26,428**	**N/A**	**22,525**	**17,066**

Reconciliation of Capital Expenditures

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Payments to acquire intangible fixed assets	142	583	274	177	107
Payments to acquire tangible fixed assets	12,408	13,869	26,017	10,841	10,788
Payments to acquire long-term financial assets	-	-	34	-	-
Capital Expenditures	**12,550**	**14,452**	**26,325**	**11,018**	**10,788**

Reconciliation of Maintenance and Replacement Capital Expenditures and Growth Capital Expenditures

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Capital Expenditures (as reconciled above)	12,550	14,452	26,325	11,018	10,788
Of which Maintenance and Replacement Capital Expenditures.	5,559	6,242	8,947	5,284	5,028
Of which Growth Capital Expenditures	6,991	8,210	17,378	5,734	5,760
Capital Expenditures	**12,550**	**14,452**	**26,325**	**11,018**	**10,788**

[19] IFRS 16 lease impact.

[20] IFRS 16 lease impact has only been calculated for FY2019 and FY2020, not for FY2018.

Reconciliation of Net Working Capital (excluding cash and cash equivalents)

	For the year ended 31 December			For the nine months ended 30 September	
	2020	**2019**	**2018**	**2021**	**2020**
			(€ thousands)		
Raw materials, consumables and supplies	8,349	11,490	10,034	12,802	9,267
Work in progress/ Services	2,012	2,680	2,546	2,664	2,238
Finished goods and merchandise	14,792	16,092	13,204	14,801	16,794
Trade receivables	20,484	20,088	21,512	27,975	17,058
Trade payables	15,230	20,801	19,894	18,262	15,377
Net Working Capital (excluding cash and cash equivalents)	**30,406**	**29,549**	**27,402**	**39,981**	**29,979**

DILUTION

This chapter discusses the dilutive effects of the Business Combination, in terms of number and percentage of share ownership. The dilutive effects presented are based among other things on the size of Cabka relative to DSC2, the structure of the Business Combination and how it is funded.

DSC2's current capitalisation is as set out in the table below.

Current capitalisation of DSC2

	Actual		**Voting rights BC**		**Voting rights non-BC**	
	Number of shares (in millions)	**Percent**	**Number of shares (in millions)**	**Percent**	**Number of shares (in millions)**	**Percent**
Public	11.00	97.4%	11.00	100.0%	11.00	97.4%
Sponsors	0.29	2.6%	0	0.0%	0.29	2.6%
Total	**11.29**	**100.0%**	**11.00**	**100.0%**	**11.29**	**100.0%**

An overview of shareholdings post-Business Combination is set out in the table below, reflecting the dilutive effects of Ordinary Shares issued as a result of the conversion of the Special Shares and the Warrants, settlement and replacement of the Existing VSOP, the PSU Plan and the Performance Shares. On the Completion Date and in accordance with DSC2's Prospectus and DSC2's articles of association, all issued high nominal value ordinary shares of DSC2, which have a nominal value of € 10 each (**HNV Ordinary Shares**) will be converted into Ordinary Shares. In accordance with the Articles of Association of the Combined Company, no new HNV Ordinary Shares can be issued as of the Completion Date. For a detailed overview of the effects and thresholds per dilutive instrument please refer to section "*Business Combination*". The column "At EUR 13" is shown to reflect a Shareholdings scenario including dilution through all dilutive instruments except for the Performance Shares, while the "At EUR 20" column reflects a fully diluted scenario including Performance Shares effects. As all Ordinary Shares and Special Shares carry equal voting rights, the dilution in voting rights can be derived from the table below.

Shareholdings[1]

	At BC[2]		**At EUR 13[3]**		**At EUR 20[4]**	
	Number of shares (in millions)	**Percent**	**Number of shares (in millions)**	**Percent**	**Number of shares (in millions)**	**Percent**
RAM.ON Finance	11.17	48.1%	11.17	40.1%	12.97	43.1%
Key employees	0.39	1.7%	0.96	3.5%	1.41	4.7%
Public	11.00	47.3%	13.64	49.0%	13.64	45.3%
Sponsors	0.68	2.9%	2.05	7.4%	2.05	6.8%
Total	**23.25**	**100.0%**	**27.83**	**100.0%**	**30.08**	**100.0%**

1. Comprises the stake DSC2 acquires in the target business, assuming all Shareholders of DSC2 approve the Business Combination (i.e. no repurchase of Ordinary Shares held by Dissenting Shareholders).
2. The calculation assumes no Warrant conversion and conversion of the first tranche of Special Shares.
3. The calculation assumes full EUR 11, EUR 12 and EUR 13 Warrant conversion, full conversion Special Shares and full dilution resulting from Existing VSOP and PSUs granted to key employees.
4. The calculation assumes all dilution as explained under the previous note (3), plus full dilution resulting from performance shares issued at EUR 16, EUR 18 and EUR 20 to CEO and RAM.ON Finance.

OPERATING AND FINANCIAL REVIEW

*The following discussion and analysis should be read in conjunction with the rest of this Shareholder Circular, including the information set out in section "*Selected Consolidated Financial Information*" and the information in section "Business".*

Except as otherwise stated, the figures in the Operating and Financial Review are derived from the Financial Statements, which have been prepared in accordance with German GAAP. For a discussion on the presentation of the Company's historical financial information included in this Shareholder Circular, see section "Important Information – Presentation of Financial and Other Information".

The following discussion contains forward-looking statements that involve risks and uncertainties. The Cabka Group's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed in particular in the sections entitled "Risk Factors" and "Business" and elsewhere in this Shareholder Circular. See section "Important Information – Presentation of Financial and Other Information" for a discussion of the risks and uncertainties related to those statements.

Overview

The Cabka Group is one of the leading experts in developing packaging products made from recycled plastic. Today it can look back on over 25 years of experience while it is represented by its products around the globe in all key markets. The business model is based on an increasingly large manufacturing depth with production sites in Germany, Belgium, Spain and the US.

Cabka was one of the first companies in the industry to focus on recycled plastics for the manufacture of new products. It turns industrial production rejects, domestic packaging waste and recycled disused plastic products into the basic material for smart, economical and reliable products. It systematically leverages its existing know-how and expertise in recycled plastic to become the international market leader for customised plastic solutions.

Cabka employs around 700 people and is divided into the two business divisions: *Material Handling* (from the easy-to-nest export pallet and sophisticated pallet systems in high-bay warehouses to the robust logistics pallet) and *ECO Products*. The latter are sustainable products made from 100% low-value recycled plastic. They are used, among other things, in construction, road and traffic safety as well as in gardening and landscaping.

Current Trading and Recent Developments

The sales performance in the nine-month period ending on 30 September 2021 stands at 23.4% growth compared with the corresponding period in the previous year. The sales trend is supported by numerous high-turnover customer projects with well-known companies in Cabka's project pipeline. The measures introduced in 2020 for strict cost and CAPEX control are still strictly observed. Despite an improvement in the order situation in the nine-month period ending on 30 September 2021 compared with 2020, the continuing global spread of COVID-19 is still apparent everywhere.

Another current challenge is the global shortage of various raw materials such as metals, wood and aluminium, but also plastics, which in turn leads in part to an enormous increase in the cost of material procurement. This global problem presents Cabka, like many other companies, with challenges in securing the required quantities of materials at acceptable prices. Counter-measures to safeguard earnings were already initiated at an early stage through continuous monitoring at the end of the past financial year and at the beginning of the current year by means of contractual commitments to material volumes at fixed prices, which extend until the end of the first half of the year. In addition, customer prices have been adjusted to compensate for material price increases wherever possible. Moreover, Cabka's R&D facility in Valencia enables Cabka to optimise its cost price, since

its activities provide Cabka insight into feedstock quality and the development of products with a lower volume of raw materials.

Key Factors Affecting Results of Operations

The results of the Cabka Group's operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Cabka Group's control. This section discusses the key factors that have had a material effect on the Cabka Group's results of operations and financial condition during the periods under review and are reasonably likely to have a material effect on the Cabka Group's results of operations and financial condition in the future.

Customer and supplier relationships

Cabka relies on various key customer and supplier relationships. Cabka’s top three customers represented approximately 15% of total revenue in 2020. Cabka also relies on various key supply relationships for the supply of raw materials and the supply of services including energy, machinery, equipment, storage and transportation. Cabka consolidates the purchase of key raw materials such as plastic waste among a limited group of key suppliers. Cabka’s top 10 suppliers represented approximately 40% of the total amount of raw material procured in terms of volume in 2020. Some customer, distributor and supplier relationships are governed by binding written contracts, while others are governed by informal arrangements such as purchase orders and standard terms and conditions.

Cost of raw materials and services and energy

Cabka depends on the availability and price of raw materials and services. The availability and price of such materials and services are subject to potential supply shortages, suppliers’ allocation to other purchasers, interruptions in production by suppliers (including due to operational, industrial relations or transportation difficulties, accidents or natural disasters affecting suppliers), worldwide pricing levels and new laws or regulations.

The written supply contracts for raw materials may allow for periodic increases in prices by reference to specified indices. Other materials are sourced at “spot” prices. While a number of Cabka’s customer contracts contain price review and adjustment mechanisms which may allow Cabka to pass on increases in the price of raw materials to customers, other customer relationships are governed by informal arrangements which do not include these mechanisms.

Finally, Cabka’s production costs are particularly sensitive to the price of energy. Energy prices, in particular oil and natural gas, have fluctuated recently.

Competition in the sale of competiting products

Cabka faces competition in the sale of its products and competes with multiple companies in each of its product lines. Cabka competes based on a number of considerations, including price, service, quality, product characteristics and the ability to supply products to customers in a timely manner. Its products also compete with products made of materials other than plastics, such as wood, as well as plastic products made through different manufacturing processes. Some of the substitute products of competitors are not subject to the impact of changes in virgin material prices and therefore may be lower in price than Cabka’s products. Also, Cabka’s competitive position is subject to the further maturing of post-consumer plastics and recycled materials and Cabka’s ability to adapt to technological changes. Furthermore, some of Cabka’s customers do and could in the future choose to manufacture the products they require for themselves.

Miminum volume and machine hour commitments

A substantial amount of Cabka's customer and supplier agreements (roughly 30-40%) contain minimum volume or machine hour clauses. Cabka has been able to comply with such commitments over the past three years. However, Cabka's business results depend on its continued compliance with such commitments in future, lest it could be forced to perform, held liable for breach of contract and/or such customers and suppliers may decide to terminate the respective contract.

Production facilities

As at the date of this Shareholder Circular, Cabka has seven production facilities (including two contract manufacturers). More than 700 engineers, logisticians, materials technicians, product developers, toolmakers, production specialists work at such sites. These sites in Germany, the U.S., Belgium, and Spain ensure that Cabka's products are available in more than 80 countries. Cabka's success depends on the uninterrupted operation of such sites.

Permits, licences, approvals and certificates

Cabka is required to obtain and maintain valid permits, licenses, certificates and approvals from various governmental and regulatory authorities or institutions under applicable laws and regulations, for example relating to plastic waste management and its production sites. Cabka must comply with the restrictions and conditions imposed by various levels of governmental and regulatory authorities or institutions to maintain its permits, licenses, approvals and certificates. If Cabka fails to comply with any of the regulations or meet any of the conditions required for the maintenance of such permits, licenses, approvals and certificates, these permits, licenses, approvals and certificates could be temporarily suspended or even revoked, or the renewal thereof, upon expiry of their original terms, may be delayed or rejected.

Cabka is subject to periodic inspections, examinations, inquiries and audits by regulatory authorities and may be subject to suspension or revocation of the relevant permits, licenses, approvals or certificates, or fines or other penalties due to any non-compliance identified because of such inspections, examinations, inquiries and audits.

Management team and other key employees

Cabka depends on its ability to recruit, retain and motivate high quality senior management and other personnel with experience in fields including R&D in relation to plastics and recycled products, and production technology, machinery and equipment. In particular, the Combined Company is dependent on the continued involvement of the members of the Management Board and its senior management, many of whom have significant experience in the plastic recycling business. The loss of any of the members of the Management Board or the Combined Company's senior management or a significant diminution in their contribution to the Combined Company's business could adversely affect its ability to continue to operate its business and pursue its strategic objectives.

Intellectual property rights

Cabka's business relies on a combination of copyright, patent, trademark and other intellectual property laws, nondisclosure agreements and other protective measures to protect its proprietary rights.

Competitors may independently develop proprietary technology similar to Cabka's, introduce counterfeits of Cabka's products, misappropriate Cabka's proprietary information or processes, infringe on Cabka's patents, brand name and trademarks, or produce similar products that do not infringe on Cabka's patents or successfully challenge Cabka's patents. Cabka's efforts to defend its patents, trademarks and other intellectual property rights against competitors or other violating entities may be unsuccessful. Cabka may be unable to identify any unauthorized use of its patents, trademarks and other intellectual property rights and may not be afforded adequate remedies for any breach. In particular, in the event that Cabka's registered patents and applications do

not adequately describe, enable or otherwise provide coverage of Cabka's technologies, samples and products, Cabka would not be able to exclude others from developing or commercializing these technologies, samples and products. In addition, it is possible that third parties could independently develop information and techniques substantially similar to Cabka's or otherwise gain access to Cabka's trade secrets.

In the event that any misappropriation or infringement of Cabka's intellectual property occurs in the future, Cabka may need to protect its intellectual property or other proprietary rights through litigation. Litigation may divert Cabka's management's attention from its business operations and possibly result in significant legal costs, and the outcome of any litigation is uncertain. In addition, infringement of Cabka's intellectual property rights may impair the market value and share of its products, damage its reputation and adversely affect its business, financial condition and results of operations.

Financing agreements

Cabka has agreed upon a facilities agreement for a EUR 65,000,000 term loan and revolving credit facilities agreement governed by German law, between, among others, Commerzbank Aktiengesellschaft (as facility agent and security agent) and certain financial institutions as lenders. Furthermore, Cabka and certain of its subsidiaries are party to two separate subordinated repayment loan agreements for an aggregate amount of EUR 5,000,000.00 with the Kreditanstalt für Wiederaufbau.

The financing agreements contain numerous covenants, representations and warranties by Cabka. The covenants and restrictions are designed, amongst other things, to prevent Cabka from incurring too much debt or interest costs relative to its earnings and profits. In addition to such covenants and restrictions, the contracts oblige Cabka to maintain certain ratio levels in relation to senior leverage, interest coverage and equity, and thus restrict Cabka's operational and financial flexibility.

The breach of any covenants, representations or warranties, or non-performance of the obligations by Cabka under its financing agreements, if not cured or waived within specified periods, could result in the acceleration of debt repayment or the payment of penalties under the relevant financing agreement.

Product liability and product recall

Cabka is exposed to the risk of product liability and product recall claims if any of Cabka's products are alleged to fail to comply with specified standards, warranties and/or delivery requirements and/or have resulted in personal injury or property damage. While Cabka maintains product liability insurance, this may not be adequate to cover losses related to product liability claims brought against Cabka.

In the event of an uninsured loss or a loss in excess of Cabka's insured limits, Cabka could suffer damage to its reputation and/or lose all or a portion of its production capacity as well as future revenues expected to be generated by the relevant facilities. Any material loss not covered by insurance could adversely affect Cabka's business, financial condition and results of operations.

Laws and regulations regarding plastic waste recycling, transfer, treatment, processing, production, and health, safety and employment

The laws and regulations of the jurisdictions in which Cabka operates have a substantial impact on Cabka's business. A large number of complex regulations, rules, orders, court decisions and interpretations govern environmental protection, health, safety, land use, recycling, storage, and disposal of wastes, discharges of pollutants to air and water and related matters in these jurisdictions. For example, Cabka falls under the scope of the Corporate Sustainability Reporting Directive (CSRD), and the new EU Taxonomy changing regulatory requirements criteria could potentially have an adverse effect on Cabka's financial conditions and results of operations

While Cabka has incurred and will continue to incur significant costs and other expenditures to comply with these regulations and to manage the related risks, a significant failure to comply with these regulations, or enforcement actions and litigation arising from an actual or perceived breach of such regulations, could subject Cabka to fines, penalties, and judgments, and impose limits on Cabka's ability to operate and expand. In Germany, for instance, the breach of such regulations may lead to fines of up to EUR 10 million, depending on the severity of the breach in question.

In addition, changes to these laws and/or regulations may restrict Cabka's operations, or cause it to undertake investigatory or remedial activities, curtail operations or close non-compliant facilities temporarily or permanently. Any such regulatory changes could adversely affect Cabka's operational activities, financial condition, results of operations and cash flows by introducting and/or reinforcing conditions such as:

- limitations on locating and constructing new, or expanding existing, facilities for plastic waste recycling;
- tightening of applicable regulations, or raising of standards, relating to plastic waste collection, treatment or disposal at the facilities at which such operations are carried out.

The potential impact of health and safety and employment laws and regulations is relatively high for the plastic waste recycling sector. Although Cabka takes compliance with health and safety and employment laws and regulations very seriously, accidents may occur resulting in injury or loss of life. For example, in early 2018 there has been a lethal accident at a site in the US due to an arc flash produced by a machine caused by a mistake of the operator who did not follow the appropriate safety procedure. Cabka deeply regrets such incidents and expresses its sincere sympathy for the injured and the families involved. Such incidents may additionally lead to legal proceedings being brought against Cabka and may lead to damages being awarded against, and/or to fines and penalties being imposed on, Cabka, as well as cause damage to Cabka's reputation with local communities, customers, joint venture partners, (potential) employees and regulators.

Description of Key Statement of Income Line Items

Below is a brief description of the composition of certain line items of the consolidated income statement. This description must be read in conjunction with the significant accounting policies elsewhere in this section and in the Financial Statements.

Sales is defined as income from the sale, rental or lease of products, goods and services in the ordinary course of business, net of sales deductions, after deduction of sales deductions.

Inventory changes is defined as an increase or decrease in inventories of finished goods or work in progress recognized in the income statement using the total cost method.

Own work capitalised is defined as assets produced by Cabka itself that are not intended for sale. Instead, these assets serve Cabka for long-term use. These internally produced assets must be capitalized at production cost and depreciated over their scheduled useful lives. This item reflects in-house produced assets, including moulds, Eco product machines and recycle lines, and Cabka's R&D activities in Spain.

Cost of materials is the sum of costs of raw materials, consumables and supplied and of purchased good and costs of purchased services. Costs of raw materials, consumables and supplied and of purchased good is defined as raw materials, consumables and supplies processed, used or withdrawn during the financial year, as well as all purchased and resold merchandise. Costs of purchased services is defined as third-party services if they correspond to or are equivalent to the costs of materials to be reported (subcontractor services, temporary personnel).

Interest and similar expenses is defined as all expenses payable for borrowed capital.

Net income is calculated as *sales* plus *inventory changes* plus *own work capitalised* plus *other operating income* minus *cost of materials* minus *personnel expenses* minus *depreciation* minus *other operating expenses* plus *other interest and similar income* minus *interest and similar expenses* minus *taxes on income* minus *other taxes.*

Balance sheet profit is calculated as *net income* minus *deduction of minority interests at annual result* plus *profit carried forward from previous year.*

Results of Operations

This section presents the historical trend of the Cabka Group's consolidated results of operations for the period between 2018 and the nine-month period ended on 30 September 2021.

Statement of Income

Comparison between 9M 2021 and 9M 2020

	For the nine months ended 30 September			
	9M 2021	**9M 2020**	**change**	**% change**
	(€ thousands)			
Sales	121,389	98,340	23,049	23.4%
Inventory changes	(4,105)	(3,397)	-708	20.9%
Own work capitalised	1,020	1,764	-743	-42.1%
Other operating income	1,732	1,122	610	54.4%
Cost of materials				
a. Cost of raw materials, consumables and supplies and of purchased goods	(49,170)	(38,793)	-10,377	26.7%
b. Cost of purchased services	(6,923)	(4,193)	-2,731	65.1%
Personnel expenses				
a. Wages and salaries	(21,750)	(19,823)	-1,927	9.7%
b. Social security and old age pension cost	(3,708)	(3,484)	-225	6.5%
thereof for old age pensions:	(18)	(23)	4	-18.2%
Depreciation				
Depreciation and amortisation on tangible fixed assets and intangible fixed assets	(12,543)	(13,973)	1,430	-10.2%
Other operating expenses	(19,489)	(16,448)	-3,041	18.5%
Other interest and similar income	0	0	0	n/m
Interest and similar expenses	(1,562)	(1,728)	166	-9.6%
Taxes on income	(1,835)	(1,075)	-760	70.7%
Result after taxes	3,055	(1,689)	4,743	n/m
Other taxes	(675)	(644)	-31	4.8%
Net result	2,380	(2,333)	4,713	n/m
Deduction of minority interests at annual result	172	152	20	13.2%
Profit carried forward from previous year	17,793	20,032	-2,238	-11.2%
Balance sheet profit	20,345	17,851	2,494	14.0%

Sales increased by EUR 23.0 million or 23.4%, from EUR 98.3 million in the nine-month period ended 30 September 2020 to EUR 121.4 million in the nine-month period ended 30 September 2021. This result was mainly driven by a recovery in Q2 and Q3 of 2021 from the COVID-19 pandemic induced deterioration of the economic climate. This recovery already commenced by an uptick in orders by customers in Q4 of 2020. Cabka's portfolio business recovered, contract manufacturing picked up and Cabka sold out all its "*ECO business*" products. Other factors that influenced the result include an increased throughput and efficiency of Cabka's ECO machines, the gain of additional customer sales on top of Cabka's regular business, and an increased order intake in the US. The increase in sales is also a product of price increases Cabka was necessitated to implement due to an increase in prices of raw materials, which in turn is driven by world-wide supply chain disruptions. Aspects that have offset the upward trend in sales include lower demand from customers in the automotive sector due to the ongoing chip shortages.

Inventory changes decreased by EUR 0.7 million or 20.9%, from EUR 3.4 million in the nine-month period ended 30 September 2020 to EUR 4.1 million in the nine-month year ended 30 September 2021. This development reflects an increased consumption by Cabka of its inventory driven by a recovery in demand. Cabka also conducted an inventory revaluation for the relevant period in 2021, which reflects the higher cost of materials.

Own work capitalised decreased by EUR 0.7 million or 42.1%, from EUR 1.8 million in the nine-month period ended 30 September 2020 to EUR 1.0 million in the nine-month year ended 30 September 2021. While in 2020 this item reflected investments by Cabka in in-house assets, the 2021 results reflect the outsourcing of mould production and reduction in asset recycle line activities. Therefore, the result in 2021 primarily reflects the R&D activities conducted by Cabka in Spain.

Cost of materials increased by EUR 13.1 million or 30.5%, from EUR 43.0 million in the nine-month period ended 30 September 2020 to EUR 56.1 million in the nine-month period ended 30 September 2021. This result was mainly driven by a combination of price increases in raw materials and a higher volume of purchased raw materials in connection to the recovery in demand in 2021.

Net result increased by EUR 4.7 million, from a net loss of EUR -2.3 million in the nine-month period ended 30 September 2020 to a net income of EUR 2.4 million in the nine-month period ended 30 September 2021. This development primarily reflects the trends underlying the development in *sales, inventory changes, own work capitalised* and *cost of materials.*

Balance sheet profit increased by EUR 2.5 million or 14.0%, from EUR 17.9 million in the nine-month period ended 30 September 2020 to EUR 20.3 million in the nine-month period ended 30 September 2021. This result was mainly driven by a recovery in 2021 from the COVID-19 pandemic induced deterioration of the economic climate in 2020 and an increase in prices of raw materials, which in turn is driven by world-wide supply chain disruptions.

Comparison between FY2020 and FY2019

	For the year ended 31 December			
	2020	**2019**	**change**	**% change**
	(€ thousands)			
Sales	134,552	160,557	-26,005	-16.2%
Inventory changes	(1,188)	2,493	-3,681	n/m
Own work capitalised	2,496	4,742	-2,246	-47.4%
Other operating income	2,927	1,859	1,068	57.5%
Cost of materials				
a. Cost of raw materials, consumables and supplies and of purchased goods	(54,725)	(68,380)	13,655	-20.0%
b. Cost of purchased	(9,780)	(17,076)	7,296	-42.7%

	For the year ended 31 December			
	2020	2019	change	% change
	(€ thousands)			
services				
Personnel expenses				
a. Wages and salaries	(26,353)	(28,852)	2,499	-8.7%
b. Social security and old age pension cost	(4,752)	(5,520)	768	-13.9%
thereof for old age pensions:	(28)	(43)	15	-34.9%
Depreciation				
Depreciation and amortisation on tangible fixed assets and intangible fixed assets	(18,220)	(17,819)	-401	2.3%
Other operating expenses	(24,209)	(24,981)	772	-3.1%
Other interest and similar income	9	1	8	758.1%
Interest and similar expenses	(2,350)	(3,573)	1,223	-34.2%
Taxes on income	(813)	(1,379)	566	-41.0%
Result after taxes	(2,407)	2,072	-4,479	n/m
Other taxes	(807)	(799)	-8	1.0%
Net result	(3,214)	1,273	-4,487	n/m
Deduction of minority interests at annual result	183	41	142	347.0%
Profit carried forward from previous year	20,824	19,510	1,314	6.7%
Balance sheet profit	17,793	20,824	-3,031	-14.6%

Sales decreased by EUR 26.0 million or 16.2%, from EUR 160.6 million in the year ended 31 December 2019 to EUR 134.6 million in the year ended 31 December 2020. The decline in sales in 2020 compared with the previous year was significantly below the annual expectations made before the COVID-19 pandemic. Especially considering the continuing growth trend of the years prior to COVID-19. The reasons for this are the global economic downturn, which was already evident in the weakening automotive sector in the second half of 2019 and was reinforced by the pandemic from the end of the first quarter of 2020. The *Material Handling* division was more affected by this and saw a significant decline in sales of around 17%. The reduction is mainly due to the decline in demand in the automotive and pooling sectors and for the higher-quality logistics pallets. This decline could be partially offset by the increasing demand in the retail business, among others. Sales in the *ECO Products* business division increased significantly by around 10%. The increase in sales is the result of a sustained positive order situation in combination with efficiency-enhancing measures in production.

Inventory changes decreased by EUR 3.7 million, from EUR 2.5 million in the year ended 31 December 2019 to EUR -1.2 million in the year ended 31 December 2020. This development reflects Cabka's build-up of inventory towards the end of 2019 on the one hand, while Cabka focused on the use of inventory and cash savings in 2020 due to a decline in production against the background of the deteriorating economic climate in 2020.

Own work capitalised decreased by EUR 2.2 million or 47.4%, from EUR 4.7 million in the year ended 31 December 2019 to EUR 2.5 million in the year ended 31 December 2020. This development reflects the preservation and capitalisation of assets by Cabka. Cabka did not invest to the same extent in the development of new assets, since such in-house asset investments have already been conducted in 2019.

Cost of materials decreased by EUR 21,0 million or 24.5%, from EUR 85.5 million in the year ended 31 December 2019 to EUR 64.5 million in the year ended 31 December 2020. This result was primarily due to the declining volume of business. While Cabka recorded a reduction in costs for raw materials, auxiliary materials, operating materials and commodities of around -20%, the costs for purchased services were significantly reduced by 43%. This drastic cost reduction in purchased services is largely due to increased in-house production performed primarily with permanent workers and reduction of external temporary personnel,

while in the previous year, capacities in *Material Handling* were still purchased from contractual partners in line with the asset light strategy, which was reflected in external services. The *Eco Products* business division continued to optimally secure existing sources of raw materials across Europe and to open up new ones. In the reporting year, Cabka swiftly secured purchase volumes in the order of 90% of the total demand for the entire financial year. Finally, *personnel expenses* declined due to the use by Cabka of government programmes (e.g. *kurzarbeit*) in various countries in which the Cabka Group operates.

Interest and similar expenses decreased by EUR 1.2 million or 34.2%, from EUR 3.6 million in the year ended 31 December 2019 to EUR 2.4 million in the year ended 31 December 2020. This decline reflects an incidental spike in expenses in 2019 in relation to the Cabka Group's amendment to its financing structure. In particular, in view of its transition to its current syndicated loan structure, the Cabka Group cancelled the bilateral facilities agreements it had in place with its financers previously. This gave rise to penalties payable to the banks in 2019. The 2020 figure for *interest and similar expenses* represents a return to the ordinary expenses incurred by the Cabka Group.

Net result decreased by EUR 4.5 million, from EUR 1.3 million in the year ended 31 December 2019 to a net loss of EUR 3.2 million in the year ended 31 December 2020. This result was mainly driven by Cabka'sdeclining sales performance, partially set off mainly by a decrease in *cost of materials*.

Balance sheet profit decreased by EUR 3.0 million or 14.6%, from EUR 20.8 million in the year ended 31 December 2029 to EUR 17.8 million in the year ended 31 December 2020 following the Group's declining sales performance, partially set off mainly by a decrease in *cost of materials* and *profit carried forward from previous year*. The focus in view of COVID-19 was largely on cash conservation for an indefinite period of time. Existing stock was adjusted to the required purchase quantities during the year. Production capacities, which did not directly contribute to sales, were also reduced. Short-time working programmes and other country-specific programmes have been used where necessary at all sites to compensate for the periods when employees are not working. The *Eco Products* division remained unaffected by this.

Comparison between FY2019 and FY2018

	For the year ended 31 December			
	2019	**2018**	**change**	**% change**
		(€ thousands)		
Sales	160,557	156,894	3,663	2.3%
Inventory changes	2,493	(254)	2,747	n/m
Own work capitalised	4,742	3,218	1,524	47.4%
Other operating income	1,859	2,778	-919	-33.1%
Cost of materials				
a. Cost of raw materials, consumables and supplies and of purchased goods	(68,380)	(69,044)	664	-1.0%
b. Cost of purchased services	(17,076)	(11,945)	-5,131	43.0%
Personnel expenses				
a. Wages and salaries	(28,852)	(28,027)	-825	2.9%
b. Social security and old age pension cost	(5,520)	(5,003)	-517	10.3%
thereof for old age pensions:	(43)	(88)	45	-51.1%
Depreciation				
Depreciation and amortisation on tangible fixed assets and intangible fixed assets	(17,819)	(15,601)	-2,218	14.2%
Other operating expenses	(24,981)	(24,780)	-201	0.8%
Other interest and similar income	1	39	-38	-97.4%
Interest and similar expenses	(3,573)	(2,270)	-1,303	57.4%

Taxes on income	(1,379)	(2,345)	966	-41.2%
Result after taxes	2,072	3,660	-1,588	-43.4%
Other taxes	(799)	(845)	46	-5.4%
Net result	1,273	2,815	-1,542	-54.8%
Deduction of minority interests at annual result	41	93	-52	-55.9%
Profit carried forward from previous year	19,510	16,603	2,907	17.5%
Balance sheet profit	20,824	19,511	1,313	6.7%

Sales increased by EUR 3.7 million or 2.3%, from EUR 156.9 million in the year ended 31 December 2018 to EUR 160.6 million in the year ended 31 December 2019. This result was slightly below Cabka's annual expectations. The reasons for this were a weakening automotive sector in the second half of the year, plus the late introduction of product developments, in particular in *Material Handling*. The loss of revenue was, in part, compensated by sales growth in various other areas, such as food & retail and pooling. Reorganising product development under the umbrella of Cabka's innovation center in the second half of the year, Cabka took structural measures to be able in future to launch product developments on time. Cabka completed the repositioning of its sales structure with Global Segment Manager for global key segments and to reallocate the *Material Handling* sales areas in northern and southern Europe as well as in North and Central America. Another favourable aspect was an almost complete sell-out in all *Eco Products* sub-sectors, which grew by 6.3%.

Inventory changes increased by EUR 2.7 million, from EUR 0.3 million in the year ended 31 December 2018 to EUR 2.5 million in the year ended 31 December 2019. The increase was due to, among other things, a significant gain in machine fleet efficiency. The aim of increases in inventory is to both fulfil short-term customer-related orders in a timely manner and to increase the speed of delivery, in particular in the commodity sector.

Own work capitalised increased by EUR 1.5 million or 47.4%, from EUR 3.2 million in the year ended 31 December 2018 to EUR 4.7 million in the year ended 31 December 2019. This increase reflects the investments in assets around the Cabka's *Eco Products* business and moulds. The production of moulds has been outsourced after 2019.

Cost of materials increased by EUR 4.5 million or 5.5%, from EUR 81.0 million in the year ended 31 December 2018 to EUR 85.5 million in the year ended 31 December 2019, mainly due to Cabka's increased volume of business. While there was a slight cut in the cost of raw materials and supplies, the cost of purchased services significantly increased by 43%, mainly due to higher third-party service costs in *Material Handling* as part of Cabka's Asset light strategy, and higher energy costs. Cabka's *Eco Products* business unit continued to optimally secure existing sources of raw materials across Europe and to open up new ones. Legal stipulations, in particular the increased rate of recovery for packaging waste and the closure of Asian markets as a buyer for this waste, positioned Cabka as a recycler and manufacturer of finished products.

Depreciation and amortisation on tangible fixed assets and intangible fixed assets increased by EUR 2.2 million or 14.2%, from EUR 15.6 million in the year ended 31 December 2018 to EUR 17.8 million in the year ended 31 December 2019. This was mainly driven by lower investments in 2018 compared to 2019, which had a proportional impact on depreciation.

Interest and similar expenses increased by EUR 1.3 million or 57.4%, from EUR 2.3 million in the year ended 31 December 2018 to EUR 3.6 million in the year ended 31 December 2019. The increase reflects an incidental spike in expenses in 2019 in relation to the Cabka's amendment to its financing structure. In particular, in view of its transition to its current syndicated loan structure, the Cabka Group cancelled the bilateral facilities agreements it had in place with its financers previously. This gave rise to penalties payable to the banks in 2019.

Net income decreased by EUR 1.5 million or 54.8%, from EUR 2.8 million in the year ended 31 December 2018 to EUR 1.3 million in the year ended 31 December 2019. This result was mainly driven by the trends underlying

sales, inventory changes and *cost of materials,* as well as the increase in *depreciation and amortisation on tangible fixed assets and intangible fixed assets* and *interest and similar expenses*.

Balance sheet profit increased by EUR 1.3 million or 6.7%, from EUR 19.5 million in the year ended 31 December 2018 to EUR 20.8 million in the year ended 31 December 2019. This result was mainly driven by the trends underlying *sales,* increase in inventory due to, among other things, a significant gain in machine fleet efficiency, and higher third-party service costs in *Material Handling* and higher energy costs.

Liquidity and Capital Resources

Overview

The Cabka Group is mainly financed with external financing provided by domestic and foreign lenders on the basis of a syndicated facility agreement. The full volume of the facility is EUR 65 million. Cabka has also been granted a EUR 5 million subordinated loan from external lenders. The external financing is on-lend to further relevant Cabka Group Companies.

Cash Flows

The following table sets out Cabka's cash flows and net cash positions for the periods indicated.

	For the year ended 31 December			**For the nine months ended 30 September**	
	2020	**2019**	**2018**	**2021**	**2020**
			(€ thousands)		
Profit from the period (consolidated net income for the financial year including minority interests)	**(3,214)**	**1,273**	**2,815**	**2,380**	**(2,333)**
Depreciation of fixed assets.................	18,220	17,819	15,600	12,543	13,973
Increase in long-term accruals	427	1,092	103	5,646	24
Other non-cash expenses/income	641	49	(725)	(838)	79
Increase/decrease in inventories, trade receivable and other assets not related to investing or financing activities	4,423	(3,882)	1,280	(16,146)	5,761
Increase/decrease in trade payables and other liabilities not related to investing or financing activities..............................	(4,179)	1,313	(2,702)	1,464	(4,958)
Gain(-)/loss on disposal of fixed assets .	91	(14)	(365)	(268)	(68)
Interest expense	2,145	3,128	1,423	1,356	1,555
Income from special items...................	(10)	(12)	(62)	(7)	(6)
Income tax expense	813	1,379	2,393	1,835	1,075
Income taxes paid	(2,594)	(1,142)	(1,473)	(1,451)	(3,104)
Cash flow from operating activities (1)	**16,763**	**21,003**	**18,287**	**6,514**	**11,998**
Proceeds from disposal of intangible fixed assets...	0	0	0	0	0
Payments to acquire intangible fixed assets	(142)	(583)	(274)	(177)	(107)
Proceeds from disposal of tangible fixed assets...	4,093	336	201	1,141	916
Payments to acquire tangible fixed assets	(12,408)	(13,869)	(26,017)	(10,841)	(10,788)
Proceeds from disposal of long-term financial assets....................................	0	0	500	0	0
Payments to acquire long-term financial assets...	0	0	(34)	0	0
Payments for increases in the scope of consolidation	0	0	0	0	0
Cash flow from investing activities (2)	**(8,457)**	**(14,116)**	**(25,624)**	**(9,877)**	**(9,979)**
Payment to minorities	(220)	0	0	0	(220)

	For the year ended 31 December			For the nine months ended 30 September	
	2020	2019	2018	2021	2020
			(€ thousands)		
Proceeds from borrowings (including finance leasing)	40	55,342	10,535	0	40
Repayments for borrowings (including finance leasing)	(17,096)	(34,879)	(6,247)	(1,049)	(9,781)
Proceeds from grants received	10	12	62	7	6
Interest paid	(2,145)	(3,128)	(1,423)	(1,356)	(1,555)
Cash flow from financing activities (3)	**(19,411)**	**17,347**	**2,927**	**(2,398)**	**(11,510)**
Net change in cash funds (1) + (2) + (3)	**(11,105)**	**24,234**	**(4,410)**	**(5,761)**	**(9,491)**
Effect on cash funds from exchange rate changes and remeasurements	798	(224)	(409)	1,234	4
Effect on cash funds from changes in the scope of consolidation..........................	0	0	0	0	0
Cash funds at beginning of period.........	19,485	(4,525)	294	9,178	19,485
Cash funds at end of period	**9,178**	**19,485**	**(4,525)**	**4,651**	**9,998**

Cash flows from operating activities

Cabka's total net cash inflow from operating activities for the nine months ending on 30 September 2021 was EUR 6.5 million compared to EUR 12.0 million for the nine months ending on 30 September 2020. This result was mainly driven by the uptake in the business volume in 2021, since the corresponding nine-month period in 2020 was still affected by the deterioration in the economic climate due to the COVID-19 pandemic. This resulted in higher working capital needs in 2021, especially in relation to inventories and receivables.

Cabka's total net cash inflow from operating activities in 2020 was EUR 16.8 million compared to an inflow of EUR 21.0 million in 2019. This result was mainly driven by a lower profit in the relevant period in 2020 compared to 2019, primarily due to the deterioration in the economic climate due to the COVID-19 pandemic.

Cabka's total net cash inflow from operating activities in 2019 was EUR 21.0 million compared to an inflow of EUR 18.3 million in 2018. In 2019, product sales increased and, therefore, inventories, which led to additional capital binding in stocks.

Cash flows from investing activities

Cabka's total net cash outflow from investing activities for the nine months ending on 30 September 2021 was EUR 9.9 million compared to an outflow EUR 10.0 million for the nine months ending on 30 September 2020. This result was mainly driven by the fact that no additional major investments were required in 2021 to realise Cabka's targets for 2021, since the required capacities, especially in *Material Handling*, were put in place in prior years.

Cabka's total net cash outflow from investing activities in 2020 was EUR 8.5 million compared to an outflow of EUR 14.1 million in 2019. This result was mainly driven by the decline in capital investments by Cabka in 2020 compared to 2019, as further elaborated on in "*Result of Operations – Statement of Income – Comparison between FY2020 and FY 2019*".

Cabka's total net cash outflow from investing activities in 2019 was EUR 14.1 million compared to an outflow of EUR 25.6 million in 2018. This development reflects the major expansion and replacement investments made in 2018 for future growth in subsequent years, while the focus in 2019 shifted towards new products and moulds.

Cash flows from financing activities

Cabka's total net cash outflow from financing activities for the nine months ending on 30 September 2021 was EUR 2.4 million compared to an outflow of EUR 11.5 million for the nine months ending on 30 September 2020. This result was mainly driven by the partial repayments of existing bank loans replaced by the syndicated loan structure in 2019.

Cabka's total net cash outflow from financing activities in 2020 was EUR 19.4 million compared to an inflow of EUR 17.3 million in 2019. When Cabka implemented its syndicated loan structure in mid-2019, it had no opportunity to reduce its previous bank loans that were cancelled and replaced by the syndicated loan structure for six months over the year-end. During this six-month period, the loans were accounted as available cash. After expiry of the aforementioned six-month period, the loans were reduced and thus the cash, which is reflected in the repayment for borrowings.

Cabka's total net cash inflow from financing activities in 2019 was EUR 17.3 million compared to an inflow of EUR 2.9 million in 2018. The increase in 2019 is related to the replacement of the existing loans mid-2019. Approximately EUR 55 million was pulled from the syndicated loan to repay the existing loans (totalling approx. EUR 37 million, including interest). Over year-end the loans were accounted as cash, as Cabka had to wait six months. In 2018, the cash flows from financing activities were in line with operational business needs.

Working Capital

In the opinion of Cabka, the Group's working capital is sufficient for its present requirements; that is, for at least the next 12 months following the date of this Shareholder Circular.

Interest-Bearing Loans and Borrowings

Facilities Agreement with Commerzbank Aktiengesellschaft

On 28 June 2019, the Company entered into a EUR 65,000,000 term loan and revolving credit facilities agreement governed by German law, between, among others, Commerzbank Aktiengesellschaft (as facility agent and security agent) and certain financial institutions as lenders (the **Facilities Agreement**). Under the Facilities Agreement, two term loan facilities of an aggregate amount of EUR 35,000,000 have been made available. In addition, there is a revolving credit facility in place of an amount of EUR 30,000,000. The Facilities Agreement is the Group’s sole financing arrangement and replaced the then-existing loans of Cabka.

Overall, the Facilities Agreement contains generally customary representations, warranties and affirmative covenants as well as undertakings. Also the event of default provisions are overall market standard. The agreement contains a change of control provision, which may be triggered due to certain change of control events and may entitle the lenders to request repayment.

Costs of the Facilities Agreement

The interest rate on each term loan under the revolving credit facility for each interest period is the percentage rate per annum, which is the aggregate of the applicable margin of 2.15 % and EURIBOR. Applicable margin depends on the Senior Leverage (Senior Total Net debt divided by EBITDA). There is a EURIBOR floor of 0%. Cabka also pays certain fees with respect to the Facilities Agreement.

Guarantees and securities

Each guarantor under the Facilities Agreement irrevocably and unconditionally guarantees the obligations under the Facilities Agreement. In this context, Cabka and several guarantors pledged their shares in certain group companies of Cabka. Several guarantors have also provided a land charge of a property in Germany, transferred

their rights to moveable assets located in Germany and assigned all trade receivables governed by German law. Furthermore Cabka pledged its shares in Cabka Belgium NV and Innova Packaging Systems N.V. The latter has also provided two Belgian law governed mortgages over its Belgian real estate and a Belgian law governed pledge over its business.

Financings with Kreditanstalt für Wiederaufbau (KfW)

Furthermore, the Company and certain of its subsidiaries are party to two separate subordinated repayment loan agreements for an aggregate amount of EUR 5,000,000.00 with the Kreditanstalt für Wiederaufbau (**KfW**) KfW promotion innovation program NK181 (**KfW-Loan 1**) and promotion innovation program FK 180 (**KfW-Loan 2** and together with KfW-Loan 1 the **KfW-Loans**), each originally dated 15 February 2016 and 16 February 2016, respectively (as amended from time to time and the each KfW-Loan as last amended on 14 June 2021) and each sublimated with a respective inter-creditor agreement. The major difference between both facilities is that KfW-Loan 1 is subordinated to other claims.

While the KfW-Loans contain widely standard terms, each of them includes a change of control clause which is triggered through certain change of control events. In case of any of such events, KfW may request additional security.

Contractual Obligations and Commitments

An overview of Cabka's material contractual obligations and commitments is provided below:

(i) Commitments towards the Group's *Eco Products* business for the years 2021 and 2022 for a total amount of EUR 6.9 million. Part of this commitment is already capitalised and paid for in 2021. The remaining part of this commitment will be capitalised and paid for in Q1 and the beginning of Q2 in 2022.

(ii) Commitments in relation to machinery in the US for a total amount of EUR 1.7 million. Approximately 15% of this commitment has been paid already. The remaining portion is payable in January 2023.

(iii) Commitments towards several moulds for customer solutions for *Material Handling* for a total amount of approximately EUR 3 million, which will be payable in 2022.

Capital Expenditures and Investments

The aforementioned commitments are expected to be financed through the Group's syndicated loan commitment. The Group may opt for a capital lease for moulds and machinery, for example so as to not exhaust its syndicated loan volume.

See sections "*Business*" and "*Operating and Financial Review*" for capital expenditures and investments during the financial years covered in this Shareholder Circular.

Off-Balance Sheet Arrangements and Contingent Liabilities

Besides operate lease agreements for machines amounting €4.8 million and rental costs for the headquarter office amounting to €1.4 million, there are no material off-balance sheet arrangements and contingent liabilities.

Critical Accounting Policies and Estimates and Forthcoming Changes

Critical Accounting Estimates and Judgements

The Financial Statements reflect the selection and application of accounting policies that require management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors

that are believed by Cabka to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Differing assumptions could yield different results and actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

A summary of Cabka's accounting policies, which are subject to estimations and assumptions, is set out in the section "*Information on Accounting and Evaluation*" of the Financial Statements.

Future Accounting Developments

Please refer to the section "*Selected Consolidated Financial Information*" for a discussion of the future application by Cabka of IFRS instead of German GAAP.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

General

This section gives an overview of the material information concerning the Management Board, the Supervisory Board and the Combined Company's corporate governance. It is based on, and discusses, relevant provisions of Dutch law in effect as at the date of this Shareholder Circular and the Articles of Association, the Management Board Rules (as defined below) and the Supervisory Board Rules (as defined below) as these will be in effect ultimately on the Completion Date, and after effectuation of DSC2's conversion into a public company (*naamloze vennootschap*) (the **Conversion**). The Articles of Association in the governing Dutch language and in an unofficial English translation are available on the Combined Company's website (www.dutchstarcompanies.com) or at the Combined Company's business address at Hondecoeterstraat 2E, 1071 LR Amsterdam, The Netherlands during regular business hours. The Management Board Rules and the Supervisory Board Rules are available on the Combined Company's website (www.dutchstarcompanies.com).

This overview does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the relevant provisions of Dutch law as in force on the date of this Shareholder Circular and the Articles of Association.

Management Structure

The Combined Company will have a two-tier board structure consisting of the Management Board and the Supervisory Board. The Management Board is the statutory executive body (*bestuur*) of the Combined Company and consists of two members. The Management Board is responsible for the day-to-day management of the Combined Company. The Supervisory Board (*raad van commissarissen*) supervises and advises the Management Board and consists of six members. In addition to the Management Board and the Supervisory Board, the Combined Company will have an audit committee, which exercises the duties as prescribed in the Decree on the establishment of audit committees in organisations of public interest (*Besluit instelling auditcommissie bij organisaties van openbaar belang*) (the **Audit Committee**). The Audit Committee will consist of two or more members. The composition of the Audit Committee will be determined prior to the Completion Date. The Management Board and the Supervisory Board are jointly responsible for the governance structure of the Combined Company.

Management Board

Powers, Responsibilities and Functions

The Management Board is the executive body entrusted with the management of the Combined Company and is responsible for the continuity of the Combined Company under the supervision of the Supervisory Board. The Management Board's responsibilities include, among other things, setting the Combined Company's management agenda, developing a view on long-term value creation by the Combined Company, enhancing the performance of the Combined Company, developing a strategy, identifying, analysing and utilising business opportunities, identifying, analysing and managing the risks associated with the Combined Company's strategy and activities and establishing and implementing internal procedures, which safeguard that all relevant information is known to the Management Board and the Supervisory Board in a timely manner. The Management Board may perform all acts necessary or useful for achieving the Combined Company's corporate purposes, except for those expressly attributed to the General Meeting or the Supervisory Board as a matter of Dutch law or pursuant to the Articles of Association (see section "*Management, Employees and Corporate Governance – Management Board Meetings and Decisions*"). Members of the Management Board (each a **Managing Director**) shall be appointed for a period which shall end not later than at the end of the annual General Meeting to be held in the fourth calendar year after the calendar year in which the Managing Director was last appointed. The Management Board may delegate duties and powers to individual Managing Directors and/or committees consisting of one or more Managing Directors whether or not assisted by staff officers. In

fulfilling their responsibilities, the Managing Directors must act in the interest of the Combined Company and give specific attention to the relevant interests of the Combined Company's employees, Shareholders, customers, suppliers and other stakeholders of the Combined Company.

The Management Board shall timely provide the Supervisory Board with the information necessary for the performance of the Supervisory Board's duties. The Management Board is required to keep the Supervisory Board informed and to consult with the Supervisory Board on all important matters. The Management Board shall inform the Supervisory Board, in writing, and at least once a year, of the main outlines of the Combined Company's strategic policy, the general and financial risks, and the management and control systems.

Subject to certain statutory exceptions, the Management Board as a whole is authorised to represent the Combined Company. Two Managing Directors acting jointly are also authorised to represent the Combined Company. Pursuant to the Articles of Association, the Management Board may appoint officers with general or limited power to represent the Combined Company. Each officer will be authorised to represent the Combined Company, subject to the restrictions imposed on such officer.

Management Board Rules

Pursuant to the Articles of Association, the Management Board may adopt rules and regulations, allocating duties to one or more Managing Directors and regulating any such subjects as the Management Board deems necessary and/or appropriate (the **Management Board Rules**). The Supervisory Board may decide that such rules and allocation of duties are subject to its approval. The Management Board Rules are expected to become effective as of the Completion Date, as such after the Conversion has been effectuated.

Composition, Appointment, Dismissal and Suspension

Members of the Management Board shall be appointed by the General Meeting. The Supervisory Board shall nominate one or more candidates for each vacancy and, if there are no members of the Management Board, as soon as reasonably possible.

If the nomination contains one candidate for a vacancy, a resolution of the General Meeting on the nomination shall result in the appointment of that candidate, unless the General Meeting has deprived the nomination of its binding character. The General Meeting may override the binding nature of a nomination by resolution passed with a majority of two-thirds of the votes cast representing more than one-half of the issued capital.

At a General Meeting, votes in respect of the appointment of a member of the Management Board may only be cast for candidates whose names are stated in the agenda of the meeting or an explanation thereto. If a candidate nominated by the Supervisory Board is not appointed, the Supervisory Board shall retain the right to make a new nomination at a subsequent General Meeting.

Each Managing Director may be suspended or dismissed at any time by the General Meeting. The General Meeting may only pass a resolution to suspend or dismiss a member other than upon a proposal by the Supervisory Board by a majority of the votes cast representing at least one-third of the Combined Company's issued capital. If a resolution as referred to in the preceding sentence is supported by a majority of the votes cast, but this majority does not represent at least one-third of the Combined Company's issued capital, a new General Meeting may be convened at which the resolution may be passed by a majority of the votes cast, irrespective of the proportion of the Combined Company's issued capital represented. A Managing Director may also be suspended by the Supervisory Board. A suspension by the Supervisory Board may be lifted by the Supervisory Board or the General Meeting at any time. A suspension may be extended one or more times, but may not last longer than three months in total. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end.

Term of Appointment

A member of the Management Board shall be appointed for a period which shall end not later than at the end of the annual General Meeting to be held in the fourth calendar year after the calendar year in which the Managing Director was last appointed.

Management Board Meetings and Decisions

Each member of the Management Board may cast one vote in respect of a decision to be taken by the Management Board.

The Management Board may establish written rules concerning decision-making and the manner in which it functions. In this context, the Management Board may determine, amongst other things, with what duty each member of the Management Board shall specifically be charged. The Supervisory Board may determine that the adoption and amendment of these rules and duties shall be subject to its approval.

Resolutions of the Management Board may be passed in writing at any time, provided that the proposal concerned has been submitted to all members of the Management Board with voting rights and none of them objects to this manner of passing resolutions. Resolutions shall be passed in writing by means of written declarations by all members of the Management Board with voting rights.

Conflict of Interest

Dutch law provides that a member of the management board of a Dutch public company (*naamloze vennootschap*), such as the Combined Company (following the Conversion), may not participate in the deliberation or decision-making of a relevant management board resolution if he or she has a direct or indirect personal interest conflicting with the interests of the relevant company and the business connected with it. Such a conflict of interest exists if in the situation at hand a Managing Director is deemed to be unable to serve the interests of the Combined Company and the business connected with it with the required level of integrity and objectivity.

Each Managing Director shall immediately report any (potential) personal conflict of interest concerning a Managing Director to the chairperson of the Supervisory Board and the other Managing Directors, and shall provide all information relevant to the conflict to such persons. The Supervisory Board must determine whether a reported (potential) conflict of interest qualifies as a conflict of interest under Dutch law and/or the Articles of Association, in which case the conflicted Managing Director shall not be permitted to participate in the decision-making and deliberation process on a subject or transaction in relation to which such Managing Director has a conflict of interest. In addition, if there is a conflict of interest concerning one or more Managing Directors, the Supervisory Board may, whether or not on an ad hoc basis, authorise one or more persons to represent the Combined Company with respect to the matters in which a (potential) conflict of interest exists between the Combined Company and one or more Managing Directors.

If as a consequence of one or more Managing Directors having a conflict of interest no resolution can be adopted by the Management Board, the resolution will be adopted by the Supervisory Board. In addition, if a Managing Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and the Managing Director concerned may be held liable towards the Combined Company. As a general rule, the existence of a (potential) conflict of interest does not affect a Managing Director's authority to represent the Combined Company as described under section "*Management, Employees and Corporate Governance — Powers, Responsibilities and Functions*" above. Furthermore, as a general rule, agreements and transactions entered into by a company based on a decision of its management board that is adopted with the participation of a managing director who had a conflict of interest with respect to the matter cannot be annulled. However, under certain circumstances, a company may nullify such agreement or transaction if the counterparty misused the relevant conflict of interest.

Managing Directors

As of the Completion Date, the Management Board is composed of the following members:

Name	Age	Position	End of current term
Mr Tim Litjens..	42	CEO	General Meeting 2026
Mr Necip Küpcü..	45	CFO	General Meeting 2026

Mr Tim Litjens (born in 1979, Dutch) is the Combined Company's Chief Executive Officer (CEO). Prior to his appointment as Chief Executive Officer of Cabka in 2018, he held the position of Chief Financial Officer of Cabka since 2016. In the period 2003 till 2015 Mr Litjens held several management positions within Royal DSM N.V. in The Netherlands, The United States and China.

Mr Necip Küpcü (born in 1976, Turkish) is the Combined Company's Chief Financial Officer (CFO). Mr Küpcü started his professional career in 2003 at Cabka and held several financial and management positions within Cabka from 2003 till 2017, being responsible amongst others as Head of Finance and Control for Germany, The United States, Belgium and Spain. In 2018, Mr Küpcü became Chief Financial Officer of Cabka.

Supervisory Board

Powers, Responsibilities and Functions

The Supervisory Board supervises the Management Board's management of the Combined Company, the Combined Company's general course of affairs, and its affiliated business. The Supervisory Board is accountable for these matters to the General Meeting. The Supervisory Board also provides advice to the Management Board. In performing their duties, the Supervisory Directors are required to focus on the effectiveness of the Combined Company's internal risk management and control systems and the integrity and quality of the Combined Company's financial reporting. The Supervisory Directors assist the Management Board with advice on general policies related to the activities of the Combined Company. In the fulfilment of their duty, the Supervisory Directors shall be guided by the interests of the Combined Company and its related business.

Supervisory Board Rules

Pursuant to the Articles of Association, the Supervisory Board may adopt rules and regulations, allocating duties to one or more Supervisory Directors and regulating any such subjects as the Supervisory Board deems necessary and/or appropriate (the **Supervisory Board Rules**). The Supervisory Board Rules are expected to become effective as of the Completion Date, as such after the Conversion has been effectuated.

Composition, Appointment and Removal

The Articles of Association and the Supervisory Board Rules provide that the Supervisory Board must consist of a minimum of three Supervisory Directors. If the number of Supervisory Directors is less than three, the Supervisory Board must promptly take any required measures to increase the number of Supervisory Directors. In accordance with Dutch law only natural persons may be appointed as Supervisory Directors.

According to the Articles of Association and the Supervisory Board Rules, the Supervisory Board must prepare a profile (*profielschets*) for its size and composition, taking account of the nature and activities of the Combined Company's business, the desired expertise and background of the Supervisory Directors, the desired diverse composition and size of the Supervisory Board and the independence of the Supervisory Directors. The Combined Company's diversity policy is also taken into account.

The General Meeting appoints the Supervisory Directors upon nomination by the Supervisory Board. The Supervisory Board must inform the General Meeting of the nomination. When a proposal or recommendation

for the appointment of a person as a Supervisory Director is made, the following information must be stated: the age, the profession, the amount and number of Ordinary Shares held by such person and the positions held or previously held by such person, insofar as these are relevant for the performance of the duties of a Supervisory Director. Furthermore, the names of any legal entities of which the proposed or recommended person already is a supervisory director must be indicated. If those include legal entities that belong to the same group, a reference to that group is sufficient. The proposal or recommendation must furthermore state the reasons on which such proposal or recommendation is based. If no candidate nominated by the Supervisory Board is appointed, the Supervisory Board shall retain the right to make a new nomination at a subsequent General Meeting, which will then be voted on at a subsequent General Meeting.

The Articles of Association provide that the General Meeting has the authority to suspend and remove a Supervisory Director. Under the Articles of Association, a resolution of the General Meeting to suspend or remove a Supervisory Director other than pursuant to a proposal by the Supervisory Board requires a majority representing at least one-third of the Combined Company's issued capital. If a resolution as referred to in the previous sentence is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Combined Company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the part of the Combined Company's issued capital represented.

Term of Appointment

The Supervisory Directors will be appointed for a maximum period of four years, provided that, unless a Supervisory Director resigns earlier, his or her appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his or her appointment. A Supervisory Director resigning in accordance with the above shall be eligible for a single immediate reappointment for a period of four years. A Supervisory Director may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years.

Supervisory Board Meetings and Decisions

The Supervisory Board shall meet as often as the chairperson or at least two Supervisory Directors consider this desirable. The chairperson or his or her deputy shall chair the meeting; minutes shall be kept of the proceedings. The Managing Directors shall attend the meetings, unless the Supervisory Board indicates that it wishes to meet separately.

At Supervisory Board meetings, resolutions shall be adopted by a majority of the votes cast at the meeting, unless the Articles of Association or the Supervisory Board Rules provide otherwise. Each Supervisory Director has one vote. The Supervisory Board may only pass valid resolutions at a meeting if at least half of the Supervisory Board members with voting rights are present or represented at the meeting. In the event of a tied vote, the chairperson shall decide if more than two Supervisory Directors with voting rights are present or represented at the meeting.

The Supervisory Board may also adopt resolutions in writing, provided that the proposal concerned is submitted to all Supervisory Directors then in office – with the exception of any Supervisory Directors that are suspended or have reported a conflict of interest – and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing, which can also be issued through a proxy, from all the Supervisory Directors with voting rights. A statement from a Supervisory Director who wishes to abstain from voting on a particular resolution that is adopted in writing must reflect the fact that he or she does not object to this form of adoption.

Conflict of Interest

Similar to the rules that apply to the Managing Directors as described above, Dutch law also provides that a supervisory director of a Dutch public company (*naamloze vennootschap*), such as the Combined Company

(following the Conversion), may not participate in deliberating or decision-making within the Supervisory Board if he or she has a direct or indirect personal interest conflicting with the interests of the relevant company and the business connected with it.

Pursuant to the Supervisory Board Rules, a Supervisory Director that has a (potential) conflict of interest with respect to a proposed Supervisory Board resolution should immediately report this to the chairperson of the Supervisory Board and provide all relevant information. If the chairperson of the Supervisory Board has a (potential) conflict of interest with respect to a proposed Supervisory Board resolution, he or she should immediately report this to one of the vice-chairpersons. The Supervisory Board, without the relevant Supervisory Director being present or represented, determines whether a reported (potential) conflict of interest qualifies as a conflict of interest. A Supervisory Director shall not participate in the deliberation and decision-making process if he or she has a conflict of interest.

If, as a result of such a conflict of interest a resolution cannot be adopted, the resolution will be adopted by the General Meeting. In addition, if a Supervisory Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this Supervisory Director may be held liable towards the Combined Company. Furthermore, as a general rule, agreements and transactions entered into by a company based on a decision of its Supervisory Board that are adopted with the participation of a Supervisory Director who had a conflict of interest with respect to the matter cannot be annulled. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

Members of the Supervisory Board

As of the Completion Date, the Supervisory Board will be composed of the following members:

Name	Position	End of current term
Ms Tova Posner Henkin	Chairperson (ad interim) and independent member	General Meeting 2026
Mr Gat Ramon	Vice-chairperson and non-independent member	General Meeting 2026
Mr Niek Hoek	Vice-chairperson and non-independent member	General Meeting 2026
Mr Stephan Nanninga	Non-independent member	General Meeting 2026
Ms Jeanine Holscher	Independent member	General Meeting 2026

The new chairperson of the Supervisory Board is expected to be appointed at the first annual meeting of the Combined Company.

Ms Tova Posner Henkin (born in 1947, Israeli) is an independent member and ad interim chairperson of the Supervisory Board as of the Completion Date. Ms Tova Posner Henkin is currently chairman of the board of directors of Plasson Ltd. since 2013. In addition, she is non-executive board member at OSG – Oran Safety Glass Ltd. since 2010, Biobee Ltd. since 2012 and Nirotek since 2021, and advisory board member at Starplast Ind. since 2016. From 2007 to 2013, she was chief executive officer of Plasson Industries Ltd., a listed company on the Israel Stock Exchange. Before that, she fulfilled several executive positions in a range of companies worldwide (India, Brazil, France and the U.S.)

Mr Gat Ramon (born in 1953, Israeli) is a non-independent member of the Supervisory Board and a majority shareholder of the Combined Company as of the Completion Date. Mr Gat Ramon founded Cabka in 1994. Since its establishment, he served as managing director/president of Cabka. His mission has always been, and still remains, to create useful products out of recycled plastics when the concept of recycling was yet to be born. Mr Gat Ramon realized very early that the longevity of plastics, which is a key strength, would at the same time become a gigantic problem if humankind would not deal with plastics in an appropriate way. The search for effective recycling and sustainable product solutions on this basis had started. His goal to develop products with real added value always had to meet ecological, as well as economic aspects. In the meantime, thinking, planning and acting in cycles has recently emerged in our society and in today's circular economy. His efforts

over the last 25 years can rightly be called a pioneering achievement. With his expertise and under his leadership Cabka processes 150kt recycled material annually and has gained a leading global position in the development, production and marketing of material handling products. Since 2017, Mr Gat Ramon also supports and invests in start-ups with a focus on innovative technologies such as energy, mobility and smart living.

Mr Niek Hoek (born 1956, Dutch) is executive director of Dutch Star Companies Two B.V. and former promoter and executive director of Dutch Star Companies One N.V. as from the incorporation until the successful business combination with CM.com and he held executive functions at various companies, including Royal Dutch Shell, in the Netherlands and abroad. Mr Niek Hoek served on the executive board of Dutch insurance company Delta Lloyd N.V. for over a decade, between 1997 and 2001 as chief financial officer and between 2001 and 2014 as chief executive officer. Under his leadership, the shares in Delta Lloyd were introduced to listing and trading on Euronext Amsterdam. He is the chairman of the supervisory board of Arcadis and Van Oord, and member of the supervisory board of BESI and Anthony Veder N.V. (Dutch Antilles). He is a member of the foundation Pref. shares NEDAP. Hence, Mr Niek Hoek is a seasoned executive with extensive experience in (managing) a company in a listed – and highly regulated – environment.

Mr Stephan Nanninga (born 1957, Dutch) is a non-independent member of the Supervisory Board as of the Completion Date. He currently is executive director of Dutch Star Companies Two B.V., former promoter and executive director of Dutch Star Companies One N.V. as from the incorporation until the successful business combination with CM.com and he held executive functions at various companies, including Intergamma, Technische Unie, CRH and Royal Dutch Shell in the Netherlands and abroad. In 2007 Mr Stephan Nanninga joined the Board SHV Holdings N.V. and was chief executive officer from 2014 to 2016. He is a member of the supervisory board of CM.com, Bunzl Plc and IMCD N.V. Hence, Mr Stephan Nanninga is a seasoned executive with extensive experience in managing a family-owned company with an industrial focus.

Ms Jeanine Holscher (born 1965, Dutch) is an independent member of the Supervisory Board as of the Completion Date. She is currently Chief Executive Officer of Blokker B.V. and Chief Operating Officer of Mirage Retail Group B.V. In addition, Ms Holscher is supervisory board member of Espria, a Dutch healthcare group and chairperson of the supervisory board of the Foundation Dutch Order of Professional Coaches. In the period 1998 to 2018 she held senior management functions at various companies, such as Amsterdam RAI, HEMA and Macintosh Fashion NL.

Supervisory Board Committees

According to the Supervisory Board Rules, the Supervisory Board may appoint standing and/or ad hoc committees from among its members, which are charged with tasks specified by the Supervisory Board. The Supervisory Board remains collectively responsible for decisions prepared by its committees and accountable for the performance and affairs of the Combined Company. As at the Completion Date, the Supervisory Board will have constituted an Audit Committee consisting of two or more members. The composition of the Audit Committee will be determined prior to the Completion Date.

Other Committees of the Supervisory Board

Other than the Audit Committee, the Supervisory Board has not installed any standing committees. Therefore, in deviation of the Dutch Corporate Governance Code, the Combined Company does not have a Remuneration Committee and a Selection and Nomination Committee as at the Completion Date. The Combined Company envisages to appoint a Remuneration Committee and a Selection and Nomination Committee in due course.

Remuneration Policy

It is intended that, in line with the Articles of Association, the General Meeting will adopt a remuneration policy effective as per the Completion Date (the **Remuneration Policy**). Any subsequent amendments to this Remuneration Policy are subject to adoption by the General Meeting. The remuneration of the Managing

Directors is required to be determined by the Supervisory Board, with due observance of the Remuneration Policy.

The Combined Company's Remuneration Policy aims to attract, motivate and retain qualified individuals and reward them with a market competitive remuneration package aiming at achieving sustainable financial results to benefit the long-term strategy of the Combined Company.

Based on the Remuneration Policy, the remuneration of the Managing Directors consists of the following components:

a. annual base fee;

b. for Mr Tim Litjens only: Performance Shares;

c. for both Managing Directors: PSU Plan entitlement;

d. optional: non-compete compensation; and

e. other benefits.

Remuneration Information for the Management Board

Annual Base Fee

The annual base fee of the Managing Directors will be set by the Supervisory Board on a level reflecting the responsibilities of the Managing Directors where the maximum will be as follows: €425,000 gross for Mr Tim Litjens and €225,000 gross for Mr Necip Küpcü. This maximum annual base fee may be lower in practice, depending on the actual allocation of fees to the German Contract (as defined below) and the services agreement with the Managing Directors (as described below) respectively, and enables the Combined Company to ensure that the net income to be received by the Managing Directors compared to the net income received immediately prior to Completion shall not be affected by such allocation, provided at all times that (i) it will be ensured that the Combined Company's EBITDA impact is as low as possible and (ii) the Supervisory Board is ultimately the relevant corporate body of the Combined Company determining the actual annual fee of the Managing Directors.

The total annual base fee of the Managing Directors consists of (i) the base fee as applicable under the German Contracts (as defined below) for the services / work they provide for Cabka Group GmbH, a subsidiary of the Combined Company, and its groups companies and (ii) an additional base fee for the additional services / work they will provide for the Combined Company.

Performance Shares

See "*Business Combination – Performance Shares*" for a description of the Performance Share entitlement of Mr Tim Litjens.

PSU Plan entitlement

For a description of the PSU Plan, see "*Business Combination – PSU Plan*".

It is intended that Mr Tim Litjens will be awarded 142,853 PSUs and that Mr Necip Küpcü will be awarded 31,428 PSUs.

Vesting is subject to contined engagement of the Managing Director with the Combined Company. For leaver treatment reference is made to the proposed PSU Plan.

Severance

The Managing Directors do not have any contractual severance arrangements with the Combined Company or any of its affiliates.

Non-compete compensation

An optional non-compete clause will be included in the services agreements with the Managing Directors (as described below) for the benefit of the Combined Company. If and to the extent the Combined Company invokes such non-compete clause, the Managing Director shall, for each month such non-compete is in force, be entitled to receive a compensation amount equal to the monthly base fee applicable at such time.

Outstanding entitlements of the Managing Directors

The Managing Directors have been awarded entitlements under the Existing VSOP (**VSOP awards**). See "*Business Combination – Settlement and treatment of Existing VSOP*" for a general description of the settlement and treatment of the Existing VSOP.

As part of this settlement, Mr Tim Litjens will be indirectly entitled to an amount of €1,250,064 gross plus 250,013 of Ordinary Shares and Mr Necip Küpcü will be indirectly entitled to an amount of €137,509 gross plus 27,502 of Ordinary Shares. All Ordinary Shares acquired by the Managing Directors as part of the settlement of the Existing VSOP awards will be subject to a one-year lock-up. In the event of a dismissal for (i) urgent cause (*dringende reden*) or similar reasons under German law, including for good reason (*aus wichtigem Grund*) and/or (ii) serious culpable behaviour or omission of the Managing Director on or prior to expiry of the lock-up period, a 20% penalty will apply on the Ordinary Shares received as part of the settlement of the Existing VSOP award by the Managing Director. If triggered, the relevant Managing Director must retransfer, against no consideration, 20% of the Ordinary Shares awarded as part of the settlement to the Combined Company. All taxes related to the Existing VSOP awards and settlement thereof will be for the account of the Managing Directors.

Remuneration Information for the Supervisory Board

Annual base fee

The Combined Company will have installed a Supervisory Board at the Completion Date. The General Meeting determines the remuneration of the Supervisory Directors. The Supervisory Board submits from time to time proposals to the General Meeting in respect of the remuneration of the Supervisory Directors. The remuneration of the Supervisory Board may not be made dependent on the Combined Company's results. Supervisory Directors will not receive Ordinary Shares and/or rights to Ordinary Shares as remuneration. The compensation for the chair of the Supervisory Board has been set at €40,000 per year. The other Supervisory Directors will receive a compensation of €30,000 per year. The Supervisory Directors will receive an additional €3,000 in case of membership of the Audit Committee and €3,000 gross in case of membership of the Remuneration Committee and a Selection and Nomination Committee. In addition, each Supervisory Director will receive an additional €2,500 gross per year for compensation of daily and travel expenses.

Agreements between the Combined Company and the Managing Directors and Supervisory Directors

Mr Tim Litjens has entered into and Mr Necip Küpcü will enter into a services agreement with Cabka Group GmbH (*Geschäftsfüher-Dienstvertrag*) governed by German law (the **German Contracts**). The German Contracts are entered into for an indefinite period and can be terminated by taking into account a notice period of six months for the relevant Managing Director and twelve months for Cabka Group GmbH.

In addition, it is intended that each of the Managing Directors will enter into a services agreement (*overeenkomst van opdracht*) with the Combined Company effective as of the Completion Date. The services agreements are entered into for a definite term and terminate by operation of law on (i) the date directly after the annual General Meeting in 2026, unless the Managing Director is reappointed as a managing director in accordance with the Articles of Association, in which case the term terminates by operation of law on the date directly after the annual General Meeting in 2030, unless determined otherwise by the General Meeting and (ii) the moment that the Management Board member is no longer a member of the Management Board. The services agreements are subject to the same notice periods as included in the German Contracts. The Managing Directors will not have any contractual severance arrangements with the Combined Company and/or Cabka Group GmbH.

The services agreements with the Combined Company will provide that (i) if Mr Tim Litjens or Mr Necip Küpcü, respectively, is no longer a member of the Management Board, the relevant services agreement with Cabka Group GmbH will also terminate, taking into account, to the extent required, the applicable notice periods (or payment in lieu of notice), unless explicitly agreed otherwise between the individual and the relevant corporate body of the Combined Company and (ii) if the services agreement with Cabka Group GmbH is terminated, the relevant services agreements with the Combined Company will also terminate, unless explicitly agreed otherwise between individual and the relevant corporate body of the Combined Company.

Each Supervisory Director is expected to enter into a service agreement with the Combined Company, effective as of the Completion Date. The agreements are governed by Dutch law. The agreements will be entered into for a period of four years. The Supervisory Directors will not enter into a severance contract with the Combined Company.

Act on the Balancing of Male-Female Ratios in Corporate Senior Management

On 28 September 2021, the Senate of the Dutch Parliament adopted an act on gender diversity in boards of Dutch companies. The act provides that when there is a vacancy in the supervisory board or for a non-executive board seat of a listed company in the Netherlands, any new appointment must contribute to at least one-third of the members being female and at least one-third being male. To supervisory or non-executive boards having a number of members not dividable by three, the nearest higher number applies. An appointment in violation of the new rules is void. The act states, however, that such an invalid appointment does not affect the validity of any board decision-making in which the 'supervisory board member' concerned may have participated.

The diversity quota applies to a new appointment, but not subsequently to a reappointment, as long as the reappointment takes place within a period of eight years of the year of the first appointment. Another exception applies if there are exceptional circumstances, which make it necessary to deviate from the applicable rules. This may be the case when the majority of the supervisory board members steps down unforeseeable or when there is, given the financial position of the company, no time to lose or when there are not sufficient resources to initiate a thorough executive research. Any such appointment in exceptional circumstances is limited to a maximum of two years

Furthermore, the act provides that all large Dutch companies have to adopt appropriate and ambitious target figures for gender diversity: (i) of the management board, (ii) of the supervisory board and (iii) at sub-board level. An exemption applies to (large) group companies (*groepsmaatschappijen*) if their holding company complies with the obligations regarding appropriate and ambitious target figures, plans and reporting in respect of such (large) group companies.

Large companies are defined as N.V.'s and B.V.'s that comply during at least two consecutive financial years, with two-out-of-three of the following:

(a) the value of the company's assets is higher than EUR 20 million;

(b) the company's net turnover is higher than EUR 40 million;

(c) the company's average number of employees equals or is higher than 250.

'Appropriate' means that the target figures depend on the size of the board, the sub board-level and the supervisory board as well as on the current gender diversity on the boards and at the sub-board level. 'Ambitious' means that a company should aim at a more equal gender diversity at these levels than the existing situation. Companies themselves should determine what 'sub board-level' refers to in their organisations. This could for example be the members of the executive committee or other senior management positions one or two levels below the management board.

All large companies will have to describe the progress and plans to reach their target figures in their annual report. The Decree on information in the management board report (*Besluit inhoud bestuursverslag*) will be amended to reflect this. Separately, all large Dutch companies (listed or not) must inform the Dutch Social and Economic Council (*Sociaal-Economische Raad*) about the number of female and male in positions at the management board, the supervisory board and at the sub board-level and about the target figures and the plans to realise these, within 10 months after the end of their financial year. When the target figures have not been met (yet), the reasons therefore should be reported as well. The Dutch Social and Economic Council will thus be able to monitor the gender diversity developments of Dutch companies, but has no task to enforce the new provisions.

The act has entered into force on 1 January 2022. As of the entry into force of the act, all large N.V.'s and B.V.'s must adopt appropriate and ambitious target figures and start to make plans to reach these targets. The obligation to report in the management board report and to inform the Dutch Social and Economic Council as referred to above will apply for the first time in 2023, with regard to the financial year 2022.

Potential Conflicts of Interest and Other Information

Other than the circumstances described below, there are no circumstances that may lead to a (potential) conflict of interest or include (potential) conflicts of interest between the private interests or other duties of each of the Managing Directors or Supervisory Directors on the one hand and the duties to the Combined Company on the other hand. According to best practice principle 2.7.4 of the Dutch Corporate Governance Code, the Combined Company will report on the Managing Directors' and Supervisory Board's conflicts of interest in transactions in its management report where the conflict of interest is of material significance to the Combined Company and/or to the relevant Managing Director/Supervisory Director.

- In 2021 several (mostly intangible) non-material handling assets (including intellectual property rights) have been sold and transferred under an asset sale and purchase agreement among several Group Companies as sellers and oceansix GmbH as purchaser (formerly named RAM.ON consult GmbH), a company ultimately held by the beneficial owner of Cabka (and RAM.ON Finance), Mr Gat Ramon.

- The Combined Company shall enter into consultancy agreements with Mr. Gat Ramon, who controls RAM.ON Finance and will be a Supervisory Director, and Mrs Heike Ramon (Mr Gat Ramon's wife), respectively, either through RAM.ON Finance or each of them personally, for the purposes of providing management and marketing/advertisement consultancy services to the Combined Company.

- Cabka has also granted two loans to Mr Gat Ramon (EUR 800,000) and RAM.ON real estate GmbH (EUR 180,000), both of which are due to be repaid by Completion.

- The Cabka Group entered into three (sub-)lease agreements regarding office and warehouse areas in Berlin, Germany (the **Berlin Lease** and the **Berlin Sublease**) and Paterna, Spain (the **Paterna Lease** and the **Paterna Sublease**, together with the Berlin Lease and the Berlin Sublease also the **Lease Agreements**).

    - Under the Berlin Lease, the Company as tenant entered into a lease agreement with RAM.ON real estate GmbH, a company affiliated with RAM.ON Finance, acting as landlord. The Berlin

Lease comprises of office areas of approx. 950 sqm and lasts for ten years starting 1 November 2017.

- Under the Paterna Lease, a Group Company as tenant entered into a lease agreement with RAM.ON real estate GmbH acting as landlord. The Paterna Lease comprises of office areas of approx. 2,856 sqm and lasts for 10 years on a yet unknown handover date in 2022.

- Under the Paterna Sublease, a Group Company as landlord entered into a lease agreement with oceansix GmbH (formerly RAM.ON consult GmbH), a company controlled by Mr Gat Ramon. The Paterna Sublease comprises of office areas of approx. 396 sqm and other areas and lasts for 10 years on a yet unknown handover date in 2022. The office building at which the subleased premise is located also houses Cabka employees. Cabka and oceansix GmbH have implemented various measures to ensure the physical separation of the workspaces used by both parties.

- RAM.ON Finance has designated Mr Gat Ramon as Supervisory Director.

- In May 2020, Cabka acquired a business, specifically certain pallet products, from Van Maren Systems B.V., a company owned by Jean-Marc van Maren, the current Chief Product Officer. Van Maren Systems B.V. is still entitled to commission payments as consideration (until end of April 2024 or March 2025, respectively, or when the agreed cap is reached).

- Mr Stephan Nanninga and Mr Niek Hoek have been designated as Supervisory Directors by the Sponsors. Mr Stephan Nanninga and Mr Niek Hoek indirectly hold investments in the Sponsors' investment vehicle.

Each of DSC2 and Cabka does not expect that the circumstances described above will cause any of these Supervisory Directors to have a conflict with the duties they have towards the Combined Company. However, since the interests of RAM.ON Finance and the Sponsors may not be aligned with the interests of the Combined Company, a conflict of interest might arise in the future. For example, a conflict of interest between the Combined Company and a Supervisory Director who is related to RAM.ON Finance or the Sponsors could arise where a decision that aims to contribute to the long-term and sustainable success of the Combined Company would impact the (short-term) share price of the Ordinary Shares and thus the value of the (indirect) shareholding of RAM.ON Finance and the Sponsors.

During the last five years, none of the members of the Management Board and the Supervisory Board: (i) has been convicted of fraudulent offences; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by the statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affair on any issuer.

Existing VSOP

See "*Business Combination* – Settlement and treatment of Existing VSOP" for a description of the settlement and treatment of the Existing VSOP.

PSU Plan

For a description of the PSU Plan, see "*Business Combination – PSU Plan*".

Liability of Members of the Management Board and Supervisory Board

Under Dutch law, Managing Directors and Supervisory Directors may be liable towards the Combined Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Combined Company for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In addition, they may be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil, administrative and criminal liabilities.

Insurance

Managing Directors, Supervisory Directors and certain other officers are insured under an insurance policy taken out by the Combined Company against damages resulting from their conduct when acting in their capacities as Managing Directors, Supervisory Directors or officers, all subject to the terms of the relevant policy.

Indemnification

The Articles of Association include provisions regarding the indemnification, to the extent permissible by law, the Combined Company will indemnify and hold harmless each member of the Management Board and of the Supervisory Board, both former members and members currently in office (each of them an **Indemnified Person**), against any and all liabilities, claims, judgments, fines and penalties incurred by the Indemnified Person as a result of any expected, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative, of or initiated by any party other than the Combined Company itself or a group company *(groepsmaatschappij)* thereof, in relation to any acts or omissions in or related to his or her capacity as an Indemnified Person. Claims will include derivative actions of or initiated by the Combined Company or a group company *(groepsmaatschappij)* thereof against the Indemnified Person and (recourse) claims by the Combined Company itself or a group company *(groepsmaatschappij)* thereof for payments of claims by third parties if the Indemnified Person will be held personally liable therefore.

There shall be, however, no entitlement to reimbursement and any person concerned will have to repay the reimbursed amount if and to the extent that: (i) a Dutch court or, in the case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, given the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; (ii) the costs or damages directly relate to or arise from legal proceedings between a current or former Managing Director or Supervisory Director and the Combined Company, with the exception of legal proceedings that have been brought by one or more Shareholders, according to Dutch law or otherwise, on behalf of the Combined Company; or (iii) the costs or financial loss of the person concerned are covered by an insurance policy and the insurer has paid out the costs or financial loss.

Works Council

The Combined Company does not have a works council (*ondernemingsraad*) in place. Cabka NV (the Belgian Group Company), however, has a works council.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code, as amended, entered into force on, and applies to any financial year starting on or after, 1 January 2017 and finds its statutory basis in Book 2 of the Dutch Civil Code (the **Dutch Corporate Governance Code**). The Dutch Corporate Governance Code applies to the Combined Company as it has its registered office in the Netherlands and its Ordinary Shares will be listed on Euronext Amsterdam.

The Dutch Corporate Governance Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their management report whether or not they are complying with the various best practice principles of the Dutch Corporate Governance Code that are addressed to the management board (*bestuur*) or, if applicable, the supervisory board (*raad van commissarissen*) of the company. If a company deviates from a best practice principle in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management report.

As at the Completion Date, the Combined Company will not comply with the following principle of the Dutch Corporate Governance Code:

- ***Best Practice Provision 2.1.7: Independency of the Supervisory Board***

In deviation from provision 2.1.7(ii) of the Dutch Corporate Governance Code, which outlines that more than half of the Supervisory Directors shall be independent within the meaning of the Dutch Corporate Governance Code, only three of the initial six Supervisory Directors are considered independent.

- ***Best Practice Provision 2.3.2: Installation Remuneration Committee and Selection and Nomination Committee***

In deviation from provision 2.3.2 of the Dutch Corporate Governance Code, the Combined Company will not immediately install a Remuneration Committee and a Selection and Nomination Committee as of Completion, however the Combined Company strives to install these committees as soon as possible after Completion.

- ***Best Practice Provision 4.3.3: Cancelling the Binding Nature of a Nomination***

In deviation from provision 4.3.3 of the Dutch Corporate Governance Code, the General Meeting may only pass a resolution to cancel the binding nature of the nomination by the Supervisory Board for the appointment of Managing Directors and Supervisory Directors by majority representing at least two-thirds of the votes cast, representing more than one-half of the issued capital of the Combined Company.

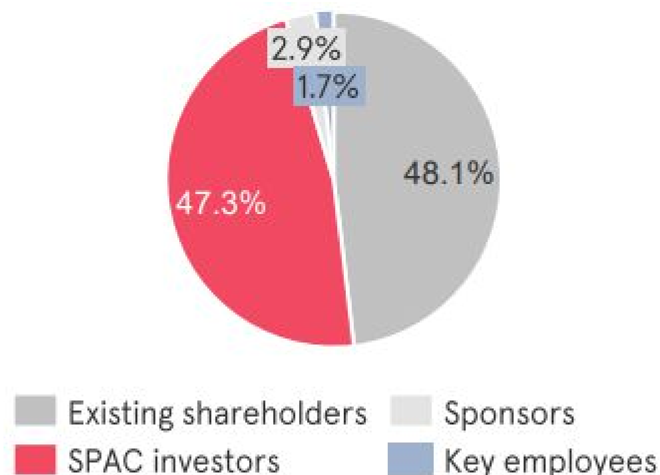
CURRENT SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Cabka's shareholders at the date of this Shareholder Circular

The issued and outstanding share capital of Cabka (*stammkapital*) amounts to EUR 3,363,421, divided into five (5) shares (the **Cabka Shares**). The Cabka Shares with the serial numbers 1 and 2 in the nominal amounts of respectively EUR 805,200 and EUR 1,342,000 (representing 63.84% of the issued and outstanding share capital) are held by RAM.ON Finance. The Cabka Shares with the serial numbers 3 and 4 in the nominal amounts of respectively EUR 292,800 and 116,200 (representing 12.16% of the issued and outstanding share capital) are held by DIH Finanz und Consult GmbH. The Cabka Share with the serial number 5 in the nominal amount of EUR 807,221 (representing 24% of the issued and outstanding share capital) is held in community of joint owners under Belgian law by Fabrice International BV, Gifar NV and Davhold BV.

Holdings immediately after Completion[21]

The following graphic sets forth the size of the shareholdings of RAM.ON Finance (the "Existing shareholder"), the Sponsors, key employees of Cabka and DSC2's other shareholders (the "SPAC investors").



Related Party Transactions

Cabka has entered into consultancy agreements with an entity controlled by Mr Gat Ramon, who controls RAM.ON Finance, and Mrs Heike Ramon for the purposes of providing management and marketing/advertisement consultancy services to Cabka. The Combined Company shall enter into new consultancy agreements with Mr Gat Ramon and Mrs Heike Ramon (personally or through an entity controlled by Mr Gat Ramon) for the purposes of providing management and marketing/advertisement consultancy services to the Combined Company. Cabka has also granted two loans to Mr Gat Ramon (EUR 800,000) and RAM.ON real estate GmbH (EUR 180,000), both of which are due to be repaid by Completion.

The Cabka Group entered into the Lease Agreements. For a description of the Lease Agreements, see section "*Management, Employees and Corporate Governance – Potential Conflicts of Interest and Other Information*".

Cabka believes that these transactions are negotiated and executed on an arm's length basis and that the terms of these transactions are comparable to those contracted with unrelated third-party suppliers and service providers.

[21] Please also refer to the tables in the section "*Dilution*" for the underlying assumptions.

Relationship Agreement

The Combined Company, DSC Executive Directors Holding B.V. and RAM.ON Finance entered into the Relationship Agreement, of which the material elements as described below will become effective as of Completion. The Relationship Agreement contains certain arrangements regarding the relationship between the Sponsors (through DSC Executive Directors Holding B.V.), RAM.ON Finance and the Combined Company as of the Completion Date. Below is an overview of the material elements of the Relationship Agreement.

The Sponsors (through DSC Executive Directors Holding B.V.) and RAM.ON Finance will each have the right to nominate three Supervisory Directors for appointment as of the Completion Date. At least two of the three persons nominated by RAM.ON Finance and one of three persons nominated by the Sponsors must qualify as independent within the meaning of the Dutch Corporate Governance Code (i.e. in total three out of six Supervisory Directors must qualify as independent).

Both RAM.ON Finance and the Sponsors (through DSC Executive Directors Holding B.V) will nominate at least one female Supervisory Director for appointment as of the Completion Date. RAM.ON Finance, in consultation with the Sponsors, will have the right to nominate the chairperson of the Supervisory Board. The chairperson of the Supervisory Board will have a casting vote if more than two Supervisory Directors with voting rights are present or represented at a meeting and he or she must qualify as independent within the meaning of the Dutch Corporate Governance Code.

The above nomination rights of RAM.ON Finance will terminate at the earlier of:

a. RAM.ON Finance's shareholding in the Combined Company falling below 26%; and

b. the day falling five years after the Completion Date.

The above nomination rights of RAM.ON Finance will also terminate if it is no longer a Shareholder of the Combined Company.

The above nomination rights of the Sponsors will terminate on the day falling five years from Completion or if they are no longer a Shareholder of the Combined Company (through DSC Executive Directors Holding B.V.).

DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

Set out below is a summary of the relevant information concerning the Combined Company's share capital and of the relevant significant provisions of Dutch law and the Articles of Association. It is based on relevant provisions of Dutch law in effect on the date of this Shareholder Circular and the Articles of Association. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association and the relevant provisions of Dutch law. The full text of the Articles of Association (in Dutch, and an unofficial English translation) will be available free of charge on the Combined Company's website (www.dutchstarcompanies.com) or, during their normal business hours, at the registered office of the Combined Company from the date of this Shareholder Circular until at least the Completion Date. See also section "Management, Employees and Corporate Governance" for a summary of the material provisions of the Articles of Association and Dutch law relating to the Management Board.

General

DSC2 is incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) governed by Dutch law and is registered in the Business Register of the Netherlands Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 80504493. DSC2's LEI is 7245007FC6PAJZL7QM61. DSC2 will be converted into a public company (*naamloze vennootschap*) at the Completion Date.

Cabka is incorporated as a private limited liability company (*Gesellschaft mit beschränkter Haftung*) governed by German Law and is registered with the commercial register of the local court of Berlin (Charlottenburg) under number HRB 153237 B.

Corporate Purpose

Pursuant to article 3 of the Articles of Association, the corporate objects of the Combined Company are:

a. to produce pallets and large containers from recycled and virgin plastics to offer sustainable material handling solutions;

b. to recycle post-consumer plastic waste in-house and use it to produce road safety and for construction support, gardening and landscaping as well as for other products;

c. to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies;

d. to render advice and services to businesses and companies with which the Combined Company forms a group and to third parties;

e. to finance businesses and companies;

f. to grant guarantees, to bind the Combined Company and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties;

g. to acquire, manage, exploit and alienate registered property and items of property in general;

h. to develop and trade in patents, trade marks, licenses, know-how, copyrights, data base rights and other intellectual property rights;

i. to perform any and all activities of an industrial, financial or commercial nature,

and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

Share Capital

Issued Share Capital

As at the Completion Date, immediately following Completion, and assuming no stock price conversion trigger event has occurred with respect to the Special Shares and Warrants, the Combined Company's issued share capital will amount to €395,410.21, divided into 195,555 Special Shares, each with a nominal value of EUR 0.01, and 39,345,466 Ordinary Shares, each with a nominal value of EUR 0.01 (of which 23,250,270 will be issued and outstanding).

All shares are in registered form. At the date of this Shareholder Circular, all outstanding shares are paid up. The shares have been created under, and are subject to, Dutch law.

Shareholders' Register

The Ordinary Shares are in registered form (*op naam*). No share certificates (*aandeelbewijzen*) are or may be issued.

Pursuant to Dutch law and the Articles of Association, the Combined Company must keep a shareholders' register (the **Shareholders' Register**). The Shareholders' Register records the names and addresses of all holders of Shares and must be kept up to date. In the Shareholders' Register, the names and addresses of all other persons holding meeting rights (being the right to be invited to and attend General Meetings and to speak at such meetings and the other rights the Dutch Civil Code grants to persons holding depository receipts for shares issued with the cooperation of the Combined Company, as a Shareholder or as a person to whom these rights have been attributed in accordance with the Articles of Association) must also be recorded, as well as the names and addresses of all holders of a right of pledge or usufruct in respect of shares not holding meeting rights. The Shareholders' Register also contains the names and addresses of usufructuaries (*vruchtgebruikers*) or pledgees (*pandhouders*) of Shares, stating whether they hold the rights attached to such shares pursuant to Section 2:88 paragraphs 2, 3 and 4, as it relates to usufructuaries (*vruchtgebruikers*), and Section 2:89 paragraphs 2, 3 and 4, as it relates to pledgees (*pandhouders*), of the Dutch Civil Code and, if so, which rights have been conferred upon them. With regard to pledgees, the Combined Company will deviate from the Dutch Civil Code such that the Shareholders' Register shall state that neither the voting right attached to the Shares, nor the rights attached under Dutch law to "depositary receipts" for shares issued with the Combined Company's cooperation (as contemplated in the Dutch Civil Code), have been conferred upon them. The Shareholders' Register shall also state, with regard to each Shareholder, pledgee or usufructuary, the date on which they acquired the Shares, their right of pledge or usufruct as well as the date of acknowledgement or service.

If requested, the Management Board will provide a Shareholder, usufructuary or pledgee of such Shares with an extract from the Shareholders' Register relating to his or her title to a Share free of charge. If the Shares are encumbered with a right of usufruct (*vruchtgebruik*) or a right of pledge (*pandrecht*), the extract will state to whom such rights will fall. The Shareholders' Register is kept by the Management Board. For shares as referred to in the Dutch Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*, the **Dutch Securities Transactions Act**), more particular the Ordinary Shares, which are included in: (i) a collective depot as referred to in that Dutch Securities Transactions Act, of which shares form part, as being kept by an intermediary, as referred to in the Dutch Securities Transactions Act; or (ii) a giro depot as referred to in that Act of which shares form part, as being kept by a central institute as referred to in that Act, the name and address of the relevant intermediary or the relevant central institute shall be entered in the Shareholders' Register, stating the date on which those shares became part of such collective depot or giro depot, the date of acknowledgement by or giving of notice to, as well as the paid-up amount on each share.

Issuance of Shares

Resolutions to issue Ordinary Shares are adopted by the General Meeting or the Management Board – subject to the Supervisory Board's approval – if the General Meeting designates the Management Board to do so. A resolution of the General Meeting to issue Ordinary Shares or to designate the Management Board as competent corporate body to issue Shares, can be adopted with an absolute majority. This also applies to the granting of rights to subscribe for Shares, such as options, but is not required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares. A designation by the General Meeting to issue Ordinary Shares must state the term for which it is valid, which term may not be longer than five years. The designation may be renewed in each case for another maximum period of five years. Unless provided otherwise in the authorisation, it may not be withdrawn.

Prior to the Completion Date, it is expected that the General Meeting will designate the Management Board as the body authorised, subject to the approval of the Supervisory Board, to issue Ordinary Shares, to grant rights to subscribe for Ordinary Shares and to exclude statutory pre-emptive rights in relation to such issuances of Ordinary Shares or granting of rights to subscribe for Ordinary Shares. Aforementioned authorisation of the Management Board is limited to up to a maximum of 10% of the Ordinary Shares issued and outstanding on the Completion Date, and is valid for a period of 18 months after the Completion Date.

Certain aspects of taxation of the issuance of Ordinary Shares are described in the section "*Taxation*". Moreover, as of the date of this Shareholder Circular, there is no intention to issue new Special Shares.

Pre-emptive Rights

Upon issue of Ordinary Shares or grant of rights to subscribe for Ordinary Shares, each holder of Ordinary Shares shall have pre-emptive rights in proportion to the aggregate nominal amount of his or her Ordinary Shares. Holders of Special Shares will not have pre-emptive rights if Ordinary Shares are issued. Holders of Ordinary Shares do not have pre-emptive rights in respect of Ordinary Shares issued: (i) to employees of the Combined Company or of a group company of the Combined Company as defined in Section 2:24b of the Dutch Civil Code; (ii) against payment other than in cash; or (iii) to a person exercising a previously acquired right to subscribe for Ordinary Shares. These pre-emptive rights and non-applicability of pre-emptive rights also apply in case of the granting of rights to subscribe for Ordinary Shares.

Pursuant to the Articles of Association, the pre-emptive rights may be restricted or excluded pursuant to a resolution of the General Meeting. The proposal to this effect must explain in writing the reasons for the proposal and the intended issue price. Subject to the approval of the Supervisory Board, the pre-emptive rights may also be restricted or excluded by the Management Board if the Management Board has been designated by a decision of the General Meeting for a limited period of time of no longer than five years to restrict or exclude the pre-emptive rights. A resolution of the General Meeting to restrict or exclude the pre-emptive rights when Ordinary Shares are issued or to designate the Management Board to restrict or exclude such pre-emptive rights requires a majority of at least two-thirds of the votes cast if less than 50% of the issued share capital is represented at the General Meeting.

Pursuant to a resolution of the General Meeting to be adopted on or prior to the Completion Date, the Management Board, subject to the approval of the Supervisory Board, is authorised for a period of 18 months following the Completion Date, to resolve to restrict or exclude pre-emptive rights of Shareholders in relation to the issue of, or grant of rights to subscribe for, Ordinary Shares for which it was authorised by the General Meeting to resolve upon as described above.

Reduction of Share Capital

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may, but only if proposed by the Management Board after approval by the Supervisory Board, and in compliance with Section 2:99 of the Dutch Civil Code, pass resolutions to reduce the issued share capital by: (i) cancelling Ordinary

Shares; or (ii) reducing the value of the Ordinary Shares by amendment of the Articles of Association. A resolution to cancel Shares can only relate to (i) Ordinary Shares or Special Shares held by the Combined Company itself or (ii) Special Shares, with repayment, but only with the approval of the meeting of holders of Special Shares. Reduction of the nominal value of the Ordinary Shares without repayment and without release from the obligation to pay up the Ordinary Shares shall take place proportionately on all Ordinary Shares. This *pro rata* requirement may be waived if all Shareholders concerned have given their consent hereto.

In addition, Dutch law contains detailed provisions regarding the reduction of capital.

Certain aspects of taxation of a reduction of share capital are described in the section "*Taxation*".

Acquisition of own Shares

Subject to the approval of the General Meeting, the Management Board is authorised to acquire its own fully paid-up Ordinary Shares either for no consideration (*om niet*), under universal succession of title or if: (i) the Combined Company's equity, less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any statutory reserves; (ii) the aggregate nominal value of the Ordinary Shares which the Combined Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed 50% of the issued share capital; and (iii) the Management Board has been authorised by the General Meeting to repurchase Ordinary Shares. The Combined Company may, without authorisation by the General Meeting, acquire its own Ordinary Shares for the purpose of transferring such Ordinary Shares to its employees under a scheme applicable to such employees, provided such Ordinary Shares are quoted on the price list of a stock exchange.

The General Meeting's authorisation is valid for a maximum of 18 months. As part of the authorisation, the General Meeting must determine the number of Ordinary Shares that may be acquired, the manner in which the Ordinary Shares may be acquired and the limits within which the price must be set. In addition, the approval of the Supervisory Board is required for any such acquisition.

The Management Board, pursuant to a resolution of the General Meeting to be adopted prior to the Completion Date, will be authorised (i) to repurchase 30% of the issued share capital for purposes of the Dissenting Shareholder Arrangement and (ii) for a period of 18 months following the Completion Date to acquire Ordinary Shares (including Ordinary Shares issued as stock dividend), subject to the approval of the Supervisory Board, up to a maximum of 10% of the aggregate number of Ordinary Shares issued following the Completion Date, provided the Combined Company will hold no more Ordinary Shares in stock than at maximum 50% of the issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the Ordinary Shares and not higher than the opening price on Euronext Amsterdam on the day of the repurchase plus 10%.

The Combined Company may not cast votes on, and is not entitled to dividends paid on, Ordinary Shares held by it nor will such Ordinary Shares be counted for the purpose of calculating a voting quorum. Votes may be cast on Ordinary Shares held by the Combined Company if the Ordinary Shares are encumbered with a right of usufruct that benefits a party other than the Combined Company or a subsidiary, the voting right attached to those Ordinary Shares accrues to another party and the right of usufruct was established by a party other than the Combined Company or a subsidiary before the Ordinary Shares belonged to the Combined Company or the subsidiary. No dividend shall be paid on the Ordinary Shares held by the Combined Company in its own capital, unless such Ordinary Shares are subject to a right of usufruct or pledge. For the computation of the profit distribution, the Ordinary Shares held by the Combined Company in its own capital shall not be included. The Management Board is authorised, subject to the approval of the Supervisory Board, to dispose of the Combined Company's own Ordinary Shares held by it.

Certain aspects of taxation of the repurchase of Ordinary Shares are described in the section "*Taxation*".

Form and Transfer of Shares

The Ordinary Shares are in registered form. The Shareholders' Register is held at the Combined Company's head office. No share certificates will be issued for Ordinary Shares. The names and addresses of the holders of Ordinary Shares in registered form and usufructuaries (*vruchtgebruikers*) in respect of such Ordinary Shares are recorded in the register of Shareholders and any other information prescribed by Dutch law.

The transfer of rights a Shareholder holds with regard to Ordinary Shares included in the giro system as referred to in the Dutch Securities Transactions Act (the **Statutory Giro System**) must take place in accordance with the provisions of the Dutch Securities Transactions Act. The transfer of an Ordinary Share in registered form (not included in the Statutory Giro System) requires a deed to that effect and acknowledgement by the Combined Company.

If a registered Ordinary Share is transferred for inclusion in a collective deposit, the transfer will be accepted by the intermediary concerned. If a registered Ordinary Share is transferred for inclusion in a giro deposit, the transfer will be accepted by the central institute, being Euroclear Nederland. Upon issue of a new Ordinary Share to Euroclear Nederland or to an intermediary, the transfer and acceptance in order to include the Ordinary Share in the giro deposit or the collection deposit will be effected without the cooperation of the other participants in the collection deposit or the giro deposit, respectively. Deposit shareholders are not recorded in the Shareholders' Register. Ordinary Shares included in the collective deposit or giro deposit can only be delivered from a collective deposit or giro deposit with due observance of the related provisions of the Dutch Securities Transactions Act. The transfer by a deposit shareholder of its book-entry rights representing such Ordinary Shares shall be effected in accordance with the provisions of the Dutch Securities Transactions Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a right of usufruct on these book-entry rights.

Dividends and Other Distributions

General

The Combined Company may only make distributions, whether a distribution of profits or of freely distributable reserves, to its Shareholders if its Shareholders' equity exceeds the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association.

The dividend pay-out can be summarised as follows.

Annual profit distribution

A distribution of profits other than an interim distribution is only allowed after the adoption of the Combined Company's annual accounts (i.e. non-consolidated) by the General Meeting, and the information therein will determine if the distribution of profits is legally permitted for the respective financial year.

Right to reserve

The Management Board, subject to the approval of the Supervisory Board, may resolve to reserve the profits or a part of the profits realised during a financial year. The profits remaining after being allocated to the reserves shall be put at the disposal of the General Meeting. The Management Board, subject to the approval of the Supervisory Board, shall make a proposal for that purpose. Furthermore, the Management Board may, subject to the approval of the Supervisory Board, decide that payments to the Shareholders shall be at the expense of reserves which the Combined Company is not prohibited from distributing by virtue of Dutch law or the Articles of Association.

Interim distribution

Subject to Dutch law and the Articles of Association, the Management Board may, subject to the approval of the Supervisory Board, resolve to make an interim distribution of profits provided that it appears from an interim statement of assets signed by the Management Board that the Combined Company's equity does not fall below the sum of called-up and paid-in share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association.

Distribution in kind

The Management Board may, subject to the approval of the Supervisory Board, decide that a distribution on Ordinary Shares shall not take place as a cash payment but as a payment in the form of Ordinary Shares, or decide that Shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in Ordinary Shares, provided that the Management Board is designated by the General Meeting to do so. The Combined Company does not expect such distribution in kind to take place within the first three (3) years following the Completion Date, but (optional) distributions in kind are likely to be part of the Combined Company's dividend policy on the long-term.

Profit ranking of the Shares

All of the Ordinary Shares issued and outstanding on the day following the Completion Date will rank equal. In the event of insolvency, any claims of the holders of Ordinary Shares are subordinated to those of the creditors of the Combined Company. This means that an investor could potentially lose all or part of its invested capital.

Payment

Payment of any future dividend on Ordinary Shares in cash will in principle be made in euro. Any dividends on Ordinary Shares that are paid to Shareholders through Euroclear Nederland will be automatically credited to the relevant Shareholders' accounts. There are no restrictions in relation to the payment of dividends under Dutch law in respect of holders of Ordinary Shares who are non-residents of the Netherlands. However, see section "*Taxation*" for a discussion of taxation of dividends and refund procedures for non-tax residents of the Netherlands.

Payments of profit and other payments are announced in a notice by the Combined Company and will be made payable pursuant to a resolution of the Management Board within four weeks after adoption, unless the Management Board sets another date for payment. Payments of profit and other payments are announced in a notice by the Combined Company. A shareholder's claim to payments of profits and other payments lapses five years and one day after the day on which the claim became payable. Any profit or other payments that are not claimed within this period will be considered to have been forfeited to the Combined Company and will be carried to the reserves of the Combined Company.

Alternative distribution options

Subject to the Articles of Association, the Management Board may, with the approval of the Supervisory Board, decide that with respect to a particular distribution (of profits) on Ordinary Shares. Shareholders can indicate on a dividend record date, set by the Management Board, which will be before the date for payment, whether they want to receive their distribution in the form of a regular distribution in cash, or whether they prefer to receive an equal amount in cash in the form of repaid capital instead. Shareholders that do not make a choice participate in the distribution of repaid capital. A choice for one option implies an opt-out of the other option.

Shareholders on the respective dividend record date that have opted for the option of repayment of capital receive payment of their pro rata portion of funds made available under a formal capital reduction (*formele kapitaalvermindering*). These Shareholders implicitly choose to have their part of the regular distribution (of

profits) added to the dividend reserve and they waive any claim to their pro rata part of the regular distribution (of profits).

Shareholders on the respective dividend record date that have opted for the regular distribution (of profits) option receive payment of their pro rata portion of the regular distribution (of profits). These Shareholders implicitly choose to have their part of the funds made available under a formal capital reduction distribution (as referred to above) added to the share premium reserve, and they waive any claim to their pro rata part of funds made available under a formal capital reduction.

Exchange Controls and Other Provisions Relating to Non-Dutch Shareholders

Under Dutch law, subject to the 1977 Sanction Act (*Sanctiewet 1977*), or otherwise by international sanctions, there are no exchange control restrictions on investments in, or payments on, Ordinary Shares. There are no special restrictions in the Articles of Association or Dutch law that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote Ordinary Shares.

General Meetings and Voting Rights

General Meetings

General Meetings must be held in the Netherlands at the choice of those who call the meeting. The annual General Meeting must be held at least once a year, within six months after the end of the financial year. Extraordinary General Meetings may be held as often as the Management Board or the Supervisory Board deems desirable. In addition, one or more Shareholders, who solely or jointly represent at least the percentage of the issued capital as required by law, which currently is at least one-tenth of the issued capital, may request that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within six weeks of the shareholder(s) making such request, such shareholder(s) will be authorised to request in summary proceedings a District Court to convene a General Meeting. Within three months of it becoming apparent to the Management Board that the equity of the Combined Company has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting will be held to discuss any requisite measures.

The convocation of the General Meeting must be published through an announcement by electronic means. The notice must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days.

The notice convening any General Meeting must include, among other items, the subjects to be dealt with, the venue and time of the General Meeting, the requirements for admittance to the General Meeting, the time on which registration for the meeting must have occurred ultimately, the address of the Combined Company's website, as well as the place where the meeting documents may be obtained and such other information as may be required by Dutch law. The agenda for the annual General Meeting must, among other things, include the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Combined Company and the allocation of the profits, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Management Board, the Supervisory Board or Shareholders (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the Managing Directors and Supervisory Directors concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Management Board and the Supervisory Board respectively.

The agenda shall also include such items as one or more Shareholders and others entitled to attend General Meetings, representing, pursuant to the Articles of Association, at least the percentage of the issued and outstanding share capital as required by law (which as of the date of this Shareholder Circular is 3%), have requested the Management Board by a motivated request to include in the agenda, at least 60 days before the

day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda (unless the resolution would be adopted unanimously during a meeting where the entire issued capital of the Combined Company is present or represented).

The General Meeting is presided over by the chairperson of the Supervisory Board, or in his or her absence, by one of the vice-chairpersons. The Supervisory Board may also appoint another person to preside over the General Meeting, even if the chairperson of the Supervisory Board is present at the meeting. If the chairperson of the Supervisory Board is absent and the Supervisory Board has not appointed another person with presiding over the General Meeting instead, the General Meeting itself shall appoint a chairperson of the General Meeting, provided that so long as such appointment has not taken place, the chairpersonship will be held by a Managing Director designated for that purpose by the Managing Directors present at the meeting. The chairperson will have all powers necessary to ensure the proper and orderly functioning of the General Meeting. Managing Directors and Supervisory Directors may attend a General Meeting. In these General Meetings, Managing Directors and Supervisory Directors have an advisory vote. The chairperson of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting.

Each Shareholder (as well as other persons with voting rights or meeting rights) may attend the General Meeting, address the General Meeting and exercise voting rights *pro rata* to his or her shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Ordinary Shares, on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting, and they or their proxy have notified the Combined Company of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper at the address and by the date specified in the notice of the General Meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

The Management Board may decide that persons entitled to attend and vote at General Meetings may cast their vote electronically or by post in a manner to be decided by the Management Board. Votes cast in accordance with the previous sentence rank as equal to votes cast at the General Meeting.

Voting rights

Each Ordinary Share confers the right to cast one vote in the General Meeting. All Shareholders have the same voting rights. The voting rights of the holders of Special Shares rank *pari passu* with each other and with all other Ordinary Shares. Subject to exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast, regardless of which part of the issued share capital such votes represent. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of Ordinary Shares which are held by DSC2 or any of its subsidiaries.

Amendment of the Articles of Association

The General Meeting may pass a resolution to amend the Articles of Association, with an absolute majority of the votes cast, but only on a proposal of the Management Board that has been approved by the Supervisory Board or, if the proposal lacks, with the explicit approval of the Management Board and the Supervisory Board. A proposal to amend the Articles of Association must be stated in the notice of the General Meeting. In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at DSC2's office, for inspection by Shareholders and other persons holding meeting rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to Shareholders and other persons holding meeting rights from the day it was deposited until the day of the meeting.

Legal Merger/Legal Demerger

The General Meeting may pass a resolution to effect a legal merger or a legal demerger, with an absolute majority of the votes cast, but only on a proposal of the Management Board that has been approved by the Supervisory Board. A proposal to effect a legal merger or a legal demerger must be stated in the notice.

Dissolution and Liquidation

The Combined Company may only be voluntarily dissolved by a resolution of the General Meeting, with an absolute majority of the votes cast, but only on a proposal of the Management Board that has been approved by the Supervisory Board or, if the proposal lacks, with the explicit approval of the Management Board and the Supervisory Board. When a proposal to dissolve the Combined Company is to be made to the General Meeting, such proposal must be stated in the notice convening the General Meeting. If the General Meeting has resolved to dissolve the Combined Company, the Management Board must carry out the liquidation of the Combined Company, under the Supervisory Board's supervision, unless otherwise resolved by the General Meeting. During liquidation, the provisions of the Articles of Association will remain in force as far as possible.

The balance of the assets of the Combined Company remaining after all liabilities and the costs of liquidation shall be distributed among the Shareholders in proportion of their number of Ordinary Shares. Once the liquidation has been completed, the books, records and other data carriers of the dissolved Combined Company will be held by the person or legal person appointed for that purpose by the General Meeting for the period prescribed by law (which as of the date of this Shareholders Circular is seven years).

Certain tax aspects of liquidation proceeds are described in section "*Taxation*".

Annual Accounts and Semi-Annual Accounts

Annually, no later than four months after the end of the financial year, the Management Board must prepare the annual accounts and make them available for inspection by the Shareholders and other persons holding meeting rights at the offices of the Combined Company. The annual accounts must be accompanied by an auditor's statement, a management report and other information required under Dutch law. Annually, the Supervisory Board must prepare a report, which will be enclosed with the annual accounts and the management report. The annual accounts must be signed by all Managing Directors and all Supervisory Directors. If the signature of one or more of them is missing, this will be stated and reasons for this omission will be given.

The annual accounts, the auditor's statement, the management report, the Supervisory Board report and the other information required under Dutch law must be made available to the Shareholders for review as from the day of the notice convening the annual General Meeting where they are discussed until the conclusion of such meeting.

The annual accounts must be adopted by the General Meeting. The Management Board must send the adopted annual accounts to the AFM within five business days after adoption.

After the proposal to adopt the annual accounts has been discussed and voted on, a proposal shall be made to the General Meeting, in connection with the annual accounts and the statements made regarding them at the General Meeting, to discharge the Managing Directors for their management and the Supervisory Directors for their supervision in the last financial year.

The Combined Company must prepare and make publicly available a semi-annual financial report as soon as possible, but at the latest three months after the end of the first six months of the financial year. If the semi-annual financial report is audited or reviewed, the independent auditor's audit or review report, respectively, must be published together with the semi-annual financial report.

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*, the **FRSA**) the AFM supervises the application of financial reporting standards by companies whose seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as the Combined Company.

Pursuant to the FRSA, the AFM has an independent right to: (i) request an explanation from the Combined Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that the Combined Company's financial reporting meets such standards; and (ii) recommend that the Combined Company make available further explanations. If the Combined Company does not comply with such a request or recommendation, the AFM may request that the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*, the **Enterprise Chamber**) orders the Combined Company to: (i) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports; or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

Rules Governing Obligations of Shareholders to Make a Public Takeover Bid

Pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (**Dutch FMSA**), and in accordance with European Directive 2004/25/EC, also known as the takeover directive, any Shareholder who (individually or jointly) directly or indirectly obtains control of a Dutch listed company is required to make a public takeover bid for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to an exemption for major Shareholders who, acting alone or in concert, already had such stake in the company at the time of that company's initial public offering).

In addition, it is prohibited to launch a public takeover bid for shares of a listed company, such as the Ordinary Shares, unless an offer document has been approved by the AFM. A public takeover bid may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares. The public takeover bid rules are intended to ensure that in the event of a public takeover bid, among other things, sufficient information will be made available to the Shareholders, that the Shareholders will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

Squeeze-out Proceedings

Pursuant to section 2:92a of the Dutch Civil Code, a shareholder who on his or her own account contributes at least 95% of a Dutch public company's (*naamloze vennootschap*) issued share capital may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to him or her. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him or her. Unless the addresses of all of them are known to him or her, he or she is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public takeover bid is also entitled to start squeeze-out proceedings if, following the public takeover bid, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months, following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the

claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch takeover provisions of the Dutch FMSA also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

Dutch Statutory Reflection Period in face of Shareholder Activism or Hostile Takeover Bid

On 23 March 2021, the Senate of the Dutch Parliament (*Eerste Kamer*) adopted a bill on a statutory reflection period for all Dutch public companies whose shares are listed on a regulated market or a multilateral trading facility in the Netherlands or abroad. According to the bill, Dutch listed companies can invoke a statutory reflection period of up to 250 days in response to shareholder activists seeking changes in the board composition and/or upon hostile takeover attempts (the **Reflection Period**). The act on the Reflection Period entered into force on 1 May 2021.

Dutch listed companies can invoke the Reflection Period if (i) there is a hostile offer or shareholder initiative to change the board composition, (ii) which is deemed to materially conflict with the company's interest, and (iii) there is a need for further policy making.

The Management Board can invoke the Reflection Period in a reasoned decision, which decision requires the approval of the Supervisory Board. No shareholder approval is required to invoke the Reflection Period. The 250 days-period is a statutory maximum period. The Management Board and the Supervisory Board may determine a shorter timeframe. No works council consultation is required for invoking the Reflection Period.

During the Reflection Period, the General Meeting may not vote on shareholder proposals to:

- appoint, suspend or dismiss Managing Directors or Supervisory Directors; and
- amend the provisions on these specific subjects in the Articles of Association.

The Shareholders do, however, have the right to discuss in the General Meeting the appointment, suspension or dismissal of Managing Directors and Supervisory Directors or the amendment of the Articles of Association. If these proposals are put on the agenda at the initiative of the Management Board, the General Meeting can vote on them. Accordingly, upon individual defective performance of a board member, the (other members of) the boards can continue to proceed with seeking dismissal of such board member. During the Reflection Period, the Management Board must gather all relevant information necessary for a careful decision making process. In this context, the Management Board must consult with Shareholders representing at least 3% of the Combined Company's issued share capital at the time the Reflection Period was invoked, and with the group's works council, if applicable. Formal statements expressed by these stakeholders during such consultations must be published on the Combined Company's website to the extent these stakeholders have approved that publication.

The Reflection Period, if invoked, ends upon the occurrence of the earlier of (i) the expiration of 250 days from (a) in case of Shareholders using their shareholder proposal right, the day after the expiry of the deadline for making such proposal, (b) in case of Shareholders using their right to request a General Meeting, the day when they obtain court authorisation to do so, or (c) in case of a hostile offer being made, the first day thereafter, (ii) the day after the hostile offer has been declared unconditional, or (iii) the Management Board voluntarily terminating the Reflection Period.

In addition, Shareholders representing at least 3% of the Combined Company's issued share capital may request the Enterprise Chamber for early termination of the Reflection Period. The Enterprise Chamber must rule in favour of the request if the Shareholders can demonstrate that (i) the Management Board, in light of the circumstances at hand when the Reflection Period was invoked, could not reasonably have come to the conclusion that the relevant shareholder proposal or hostile offer constituted a material conflict with the interests of the Combined Company and its business, (ii) the Management Board cannot reasonably believe that a continuation of the Reflection Period would contribute to careful policy-making, and (iii) if other defensive measures have been activated during the Reflection Period and not terminated or suspended at the relevant Shareholders' request within a reasonable period following the request (i.e., no 'stacking' of defensive measures).

Ultimately one week following the last day of the Reflection Period, the Management Board must publish a report in respect of its policy and conduct of affairs during the Reflection Period on the Combined Company's website. This report must remain available for inspection by Shareholders and others with meeting rights under Dutch law at the Combined Company's office and must be tabled for discussion at the next General Meeting.

Obligations to Disclose Holdings

Shareholders may be subject to notification obligations under the Dutch FMSA. Shareholders are advised to seek professional advice on these obligations.

Obligations of Shareholders to disclose holdings

Pursuant to the Dutch FMSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of a listed public company (*naamloze vennootschap*) must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the Combined Company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

The Combined Company will be converted from a private company (*besloten vennootschap met beperkte aansprakelijkheid*) into a public company (*naamloze vennootschap*) as of Completion.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in the Combined Company's total outstanding share capital or voting rights. Such notification has to be made no later than the fourth trading day after the AFM has published the Combined Company's notification of the change in its outstanding share capital. The Combined Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Combined Company’s previous notification. The Combined Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the Combined Company’s previous notification.

In addition, every holder of 3% or more of the Combined Company’s share capital or voting rights who interest changes in respect of the previous notification to the AFM by reaching or crossing one of the thresholds mentioned above as a consequence of the interest being differently composed due to having acquired shares or voting rights through the exercise of a right to acquire such shares or voting rights, must notify the AFM of the changes within four trading days after the date on which the holder knows or should have known that his or her interest reaches or crosses a relevant threshold.

Controlled entities, within the meaning of the Dutch FMSA, do not have notification obligations under the Dutch FMSA, as their, direct and indirect, interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the Dutch FMSA, including a natural person. A person who has a 3% or larger interest in the Combined Company’s share capital or voting rights and who ceases to be a controlled

entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the Dutch FMSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above may acquire pursuant to any option or other right to acquire shares; (v) shares that determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the same purpose, the following instruments qualify as 'shares': (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

Notification of Short Positions

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholders: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the abovementioned thresholds as a result of a change in the Combined Company's issued share capital, such person must make a notification not later than the fourth trading day after the AFM has published the Combined Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set-off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

Obligations of Managing Directors and Supervisory Directors to disclose holdings

Pursuant to the Dutch FMSA, each Managing Director and each Supervisory Director must notify the AFM of each change in the number of Ordinary Shares, Warrants or options he or she holds and of each change in the number of votes he or she is entitled to cast in respect of the Combined Company's issued share capital, immediately after the relevant change. If a Managing Director or Supervisory Director has notified a change in shareholding to the AFM under the Dutch FMSA as described above under section "*Description of Share Capital and Corporate Structure — Obligations of Shareholders to disclose holdings*" above, such notification is sufficient for purposes of the Dutch FMSA as described in this paragraph.

Furthermore, pursuant to the Regulation (EU) No 596/2014 of the European Parliament and the Council (the **Market Abuse Regulation**) and the regulations promulgated thereunder, any Managing Director and Supervisory Director, as well as any other person discharging managerial responsibilities in respect of the Combined Company who has regular access to inside information relating directly or indirectly to the Combined Company and power to take managerial decisions affecting future developments and business prospects of the Combined Company, must notify the AFM by means of a standard form and the Combined Company of any transactions conducted for his or her own account relating to the Ordinary Shares, the Warrants or debt instruments of the Combined Company or to derivatives or other financial instruments linked thereto.

In addition, pursuant to the Market Abuse Regulation, certain persons who are closely associated with Managing Directors, Supervisory Directors or any of the other persons as described above are required to notify the AFM of any transactions conducted for their own account relating to the Ordinary Shares, the Warrants or debt instruments of the Combined Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation covers, *inter alia*, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership whose managerial responsibilities are discharged by a person referred to under (i) to (iii) above or by the relevant Managing Directors, Supervisory Directors or other person discharging the managerial responsibilities in respect of the Combined Company as described above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM no later than the third business day following the relevant transaction date. Under circumstances, these notifications may be postponed until all transactions within a calendar year have reached a total amount of €5,000 (calculated without netting). When calculating whether the threshold is reached or exceeded, persons discharging managerial responsibilities must add any transactions conducted by persons closely associated with them to their own transactions and *vice versa*. The first transaction reaching or exceeding the threshold must be notified as set forth above. Any subsequent transaction must be notified as set forth above. Notwithstanding the foregoing, Managing Directors and Supervisory Directors need to notify the AFM of each change in the number of Shares that they hold and of each change in the number of votes they are entitled to cast in respect of the Combined Company's issued share capital, immediately after the relevant change.

Non-compliance

Non-compliance with the disclosure obligations set out in the sections "*Description of Share Capital and Corporate Structure — Obligations of Shareholders to disclose holdings*" and "*Description of Share Capital and Corporate Structure — Obligations of Managing Directors and Supervisory Directors to disclose holdings*" is an economic offense (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and, *vice versa*, the criminal prosecution is no longer allowed if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Combined Company and/or one or more Shareholders who alone or together with others represent(s) at least 3% of the issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose include:

- an order requiring the person violating the disclosure obligations to make appropriate disclosure;
- suspension of voting rights in respect of such person's Ordinary Shares for a period of up to three years as determined by the court; and
- voiding a resolution adopted by a General Meeting, if the court determines that the resolution would not have been adopted if the voting rights of the person who is obliged to notify had not been exercised, or suspension of a resolution until the court makes a decision about such voiding; and an

order to the person violating the disclosure obligations to refrain, during a period of up to five years as determined by the court, from acquiring Ordinary Shares and/or voting rights in Ordinary Shares.

Public registry

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the Dutch FMSA on its website (www.afm.nl). Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of Shareholders and distribution of information

The Combined Company may, in accordance with Chapter 3A of the Dutch Securities Transactions Act, request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions to provide information on the identity of its Shareholders. Such request may only be made during a period of 60 days up to the day on which the General Meeting will be held. No information will be given on Shareholders with an interest of less than 0.5% of the issued share capital. A Shareholder who, individually or together with other Shareholders, holds an interest of at least 10% of the issued share capital may request the Combined Company to establish the identity of its Shareholders. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the General Meeting will be held.

If a request as referred to in the previous paragraph has been made by either the Combined Company or a shareholder in accordance with the previous paragraph, Shareholders who, individually or with other Shareholders, hold Ordinary Shares that represent at least 1% of the issued and outstanding share capital or a market value of at least €250,000 may request the Combined Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. The Combined Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect of misleading signal or if, in light of the nature of the information, the Combined Company cannot reasonably be required to disseminate it.

Related Party Transactions

Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, establishes requirements in relation to the exercise of certain shareholder rights attached to voting shares in relation to general meetings of companies which have their registered office in a Member State of the European Union and the shares of which are admitted to trading on a regulated market situated or operating within a Member State of the European Union. The Dutch Act to implement the Shareholders Rights Directive II (*bevordering van de langetermijnbetrokkenheid van aandeelhouders*, the **Dutch SRD Act**) entered into force on 1 December 2019 and, among other things, governs related party transactions to the Dutch Civil Code and provides that "material transactions" with "related parties" not entered into within the ordinary course of business or not concluded on normal market terms, will need to be approved by the supervisory board, or, in the case of a one-tier board, the (non-executive members of the) board of directors, and be publicly announced at the time that the transaction is entered into. In addition, certain items in respect of any such related party transaction not concluded on normal market terms must be disclosed in the explanatory notes to the Combined Company's annual accounts. If following the Market Abuse Regulation the information should be published at an earlier stage, that requirement prevails. The board of directors will be required to establish an internal procedure to periodically assess whether transactions are concluded in the ordinary course of business and on normal market terms.

Any director or shareholder that has a personal interest, direct or indirect, in the transaction cannot participate in the deliberations or decision-making with respect to the related party transaction concerned. As long as not all of the directors are excluded on the basis that they have a personal interest in the relevant transaction, no approval from the General Meeting will be required. In this context: a "*related party"* is interpreted in accordance with IFRS-EU (International Accounting Standards 24 (*Related Party Disclosures*)) and includes a party that has

"*control*" or "*significant influence*" over the company or is a member of the company's key management personnel; and a transaction is considered "*material*" if it would constitute inside information within the meaning of the Market Abuse Regulation and is concluded between the company and a related party (which for this purpose, and in line with the Dutch Corporate Governance Code, in any event includes one or more Shareholders representing at least 10% of the issued share capital or a managing director or supervisory director). Certain transactions are not subject to the approval and disclosure provisions of the Dutch SRD Act (for example, transactions concluded between a company and its subsidiary). The supervisory board, or, in the case of a one-tier board, the board of directors, will be required to establish an internal procedure to periodically assess whether transactions are concluded in the ordinary course of business and on normal market terms.

Market Abuse Regime

Reporting of Insider Transactions

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Ordinary Shares and the Warrants; (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing; or (iii) unlawfully disclose inside information relating to the Ordinary Shares or the Combined Company.

Furthermore, no person may engage in or attempt to engage in market manipulation.

The Combined Company is required to inform the public, as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns the Combined Company. Pursuant to Market Abuse Regulation, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities, which has not yet been made public and publication of which would significantly affect the trading prices of the securities (i.e. information a reasonable investor would be likely to use as part of the basis of its investment decision). An intermediate step in a protracted process can also deemed to be inside information. The Combined Company is required to post and maintain on its website all inside information for a period of at least five years. Under circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

A person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Ordinary Shares or debt instruments of the Combined Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of an half-yearly financial report or a management report of the Combined Company.

Non-compliance with the EU Market Abuse Rules

In accordance with the Market Abuse Regulation, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense (*economisch delict*) and/or a crime (*misdrijf*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and *vice versa*.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

Insider Trading

The Combined Company has adopted an insider trading policy in respect of the reporting and regulation of transactions in the Combined Company's securities by Managing Directors and Supervisory Directors and its employees, which will be effective as at the Completion Date.

The Combined Company and any person acting on its behalf or on its account is obligated to draw up an insiders' list, to promptly update the insider list and provide the insider list to the AFM upon its request. The Combined Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

Transparency Directive

The Netherlands will be the Combined Company's home Member State for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU) as a consequence of which the Combined Company will be subject to the Dutch FMSA in respect of certain ongoing transparency and disclosure obligations.

TAXATION

The income received from the Ordinary Shares or Warrants may be impacted by applicable tax legislation, in particular by the tax legislation of the country of residence of the relevant Shareholder or Warrant holder. The discussion below summarises the relevant tax consequences under Dutch law (as DSC2 or, following Completion, the Combined Company is resident in the Netherlands for tax purposes). The tax position of the Shareholders and the Warrant Holders can be adversely impacted by the number of securities outstanding at any given time as well as dilution following exercise of the Warrants and Special Shares and any shares granted in the Combined Company that RAM.ON Finance obtains as consideration for the Business Combination. The Shareholders and/or the Warrant Holders should consult their own tax advisors on the possible tax consequences of the acquisition, ownership and transfer of Ordinary Shares or Warrants, and in particular the specific tax consequences in relation to the Business Combination.

For a summary of the principal Dutch tax consequences of the acquisition, ownership and disposal of Ordinary Shares or Warrants, readers are referred to the followings sections of DSC2's Prospectus: "*Risk Factors – Risks relating to Taxation*" and "*Taxation*".

GENERAL INFORMATION

Domicile, Legal Form and Incorporation

The legal and commercial name of Cabka is Cabka Group GmbH.

In 1994, Cabka was incorporated as a private limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany as Recover Systems GmbH.

On the Completion Date, the Conversion will take place, as a result of which Cabka will be renamed "Cabka N.V.".

Cabka is incorporated under the laws of Germany with registered office in Berlin, Germany. Cabka is registered with the commercial register of the local court of Berlin (Charlottenburg) under number HRB 153237 B, and its telephone number is +49 304 739 038 14. Cabka's website is www.cabka.com.

Corporate Authorisations

The management boards and supervisory boards of DSC2 and Cabka and Cabka's current shareholders have approved the proposed Business Combination. The proposed Business Combination is subject to approval of DSC2's shareholders.

Independent Auditors

The financial statements of Cabka as at and for each of the years ended 31 December 2020, 2019 and 2018, included in this Shareholder Circular, have been audited by Bansbach, independent auditors, as stated in their report appearing herein. The interim financial information has not been audited or reviewed by any auditor.

Bansbach is an independent registered accounting firm with its principal place of business at Stuttgart, Germany. The auditor signing the auditor's report on behalf of Bansbach is a member of the German Association of Wirtschaftsprüfer (*Wirtschaftsprüferkammer*).

No Significant Change

As at the date of this Shareholder Circular, there has been no significant change in the financial performance and the financial position of the Cabka Group since 30 September 2021.

Available Documents

Subject to any applicable securities laws, copies of the following documents will be available and can be obtained free of charge from the date of publication of this Shareholder Circular from DSC2's website (www.dutchstarcompanies.com):

- the BC-EGM Agenda;
- the explanatory notes to the BC-EGM Agenda;
- the Articles of Association (in Dutch, and an unofficial English translation);
- explanatory notes to the Articles of Association; and
- the draft remuneration policy and PSU Plan.

Incorporation by Reference

The Articles of Association (the official Dutch version and an English translation thereof) are incorporated in this Shareholder Circular by reference and, as such, form part of this Shareholder Circular. The Articles of Association are available in electronic form on DSC2's website (www.dutchstarcompanies.com).

No Incorporation of Website

Investors should only rely on the information that is provided in this Shareholder Circular or incorporated by reference into this Shareholder Circular. No other documents or information, including the contents of DSC2's website (www.dutchstarcompanies.com), or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Shareholder Circular. This Shareholder Circular, the Articles of Association, the contents of DSC2's website (www.dutchstarcompanies.com), websites accessible from hyperlinks on that website, or hyperlinks in this Shareholder Circular that refer to websites, have not been scrutinised or approved by the AFM.

Provision of information

As at the date of this Shareholder Circular, Cabka is not subject to the periodic reporting and other informational requirements of the US Exchange Act.

DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of certain of the defined terms used in this Shareholder Circular.

ABN AMRO	means ABN AMRO Bank N.V.
Affiliate	means, in relation to a person, a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified
AFM	means the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*)
APMs	means alternative performance measures
Articles of Association	means the articles of association (*statuten*) of the Combined Company as amended, effective as from Completion
Audit Committee	means the audit committee of the Combined Company
Bansbach	means BANSBACH GmbH
BC-EGM	means the extraordinary general meeting of shareholders to which the Board will submit the proposed Business Combination for approval by the shareholder of the Ordinary Shares to be held on 28 February 2022
BC-EGM Agenda	means the agenda for the BC-EGM
Business Combination	means the business combination between DSC2 and Cabka Group GmbH
Business Combination Agreement or **BCA**	means the agreement between DSC2, Cabka Group GmbH and RAM.ON Finance including the terms and provisions in relation to the Business Combination signed on 22 December 2021
Business Combination Completion Date	means 24 months commencing on the Completion Date, subject to a potential one-time six month extension upon proposal by the Executive Directors of and subsequent approval by the non-executive directors of DSC2
Cabka	means the Company, as well as its businesses that are held as consolidated subsidiaries and equity-method non-consolidated subsidiaries, associated companies and joint ventures, as the context requires
Cabka Group	means the Company as well as its businesses that are held as consolidated subsidiaries and equity-method non-consolidated subsidiaries, associated companies and joint ventures
Cabka Shareholders	means RAM.ON Finance and the Minority Shareholders, collectively
Cabka Shares	means the issued and outstanding share capital of the Company (*stammkapital*), which amounts to EUR 3,363,421 and is divided into five (5) shares

Capital Expenditures	means the expenses incurred by the company for acquiring, upgrading or maintaining tangible assets like plants, machinery and buildings
CET	means Central European Time
Combined Company	means the combined company resulting from the Business Combination
Company	means Cabka Group GmbH, a private limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany with registered office in Berlin and registered with the commercial register of the local court of Berlin (Charlottenburg) un-der HRB 153237
Completion	means closing of the Transaction
Completion Date	means the date on which Completion occurs
Conversion	means the effectuation of the Combined Company's conversion into a public company (*naamloze vennootschap*)
Dissenting Shareholders	means the Ordinary Shareholders who voted against the Business Combination at the BC-EGM and exercise their right to sell its Ordinary Shares to DSC2
Dissenting Shareholders Arrangement	has the meaning given to it in the section *Proposed Business – Effecting the Business Combination – Repurchase of Ordinary Shares held by Dissenting Shareholders* of the Prospectus.
DSC Holding	means DSC Executive Directors Holding B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its registered office at Hondecoeterstraat 2E, 1071LR, Amsterdam
Dutch Civil Code	means the Dutch Civil Code (*Burgerlijk Wetboek*) and the rules promulgated thereunder
Dutch Corporate Governance Code	means the Dutch corporate governance code dated 8 December 2016 as established under Section 2:391, sub-section 5 of the Dutch Civil Code
Dutch Financial Supervision Act or **Dutch FMSA**	means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder
Dutch Securities Transactions Act	means the Dutch Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*)
Dutch Star Companies Two B.V. or **DSC2**	means Dutch Star Companies Two B.V., a private limited liability company (*besloten vennootschap*) incorporated under Dutch law, having its registered office at Hondecoeterstraat 2E, 1071LR, Amsterdam, the Netherlands and registered in the Business Register of the Netherlands Chamber of Commerce (*handelsregister van de Kamer van Koophandel*) under number 70523770
EBITDA	means profit for the period before depreciation and amortisation of intangible fixed assets and tangible fixed assets, interest expenses and income, taxes and virtual share option plan accruals

Effective Date	means 1 October 2021 00:01 hours CET
Enterprise Chamber	means the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*)
Equity Value	means the equity value of Cabka of EUR 175 million on a pre-transaction equity value basis
Escrow Account	means DSC2's escrow account
ESG	means environmental, social and governance
EU	means the European Union
Euroclear Nederland	means the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) trading as Euroclear Nederland
Euronext Amsterdam	means Euronext in Amsterdam, a regulated market operated by Euronext Amsterdam N.V.
EUR or **€**	means the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time
EU Taxonomy	means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088
Executive Director	means an executive member of the Board
Existing VSOP	means Cabka's virtual share option plan, which currently represents a value of EUR 5,887,802
Facilities Agreement	means the EUR 65,000,000 term loan and revolving credit facilities agreement between, among others, the Company, Commerzbank Aktiengesellschaft (as facility agent and security agent) and certain financial institutions as lenders dated 28 June 2019
Financial Statements	means the audited consolidated financial statements of the Company as at and for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 and the notes thereto as included in this
FLCs	means foldable large containers
FLSCs	means foldable large sleeve packs
FRSA	means the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*)
German GAAP	means the generally accepted accounting principles in Germany

German Contracts	means the services agreements (*Geschäftsfüher-Dienstvertrag*) between the Managing Directors and Cabka Group GmbH, respectively, governed by German law
General Meeting	means the general meeting (*algemene vergadering*) of DSC2 and, as per Completion, the Combined Company being the corporate body, or, where the context so requires, the physical meeting of shareholders
Gross Margin	means Gross Profit divided by Revenue
Gross Profit	means profit as Revenue for the period plus changes in inventory, own work capitalised and other operating income for the period, minus raw material costs, energy costs and purchased services
Group	means in relation to any person, such person and its Affiliates
Group Company	means any member of the Group of the Company, as set out in the structure chart in section "*Business – Group Structure*"
Growth Capital Expenditures	means the expenses incurred by the company that are related to purchase of assets like plants, machinery and buildings in relation to future growth
HNV Ordinary Shares	means the unlisted high nominal value ordinary shares of DSC2 which have a nominal value of € 10 each
IFRS	means the International Financial Reporting Standards as adoptedby the EU
IFRS Adjusted Underlying EBITDA	means Underlying EBITDA adjusted for estimated IFRS impact as a result of the conversion of German GAAP to IFRS
IFRS Adjusted Underlying EBITDA Margin	means IFRS Adjusted Underlying EBITDA divided by Revenue
IPO	means the initial public offering of DSC2 on 16 November 2020
IPO Proceeds	means fhe total amount of the gross proceeds from Units offered and sold in the offering in the amount of EUR 110,000,040
ISO	means International Organization for Standardization
Irrevocable Agreements	means the irrevocable and notarised transfer deeds between the Minority Shareholders and DSC2 for the sale and transfer of all of their shares in Cabka to DSC2, under the condition precedent that RAM.ON Finance has transferred all of its shares in Cabka to DSC2
Lease Agreements	means the three (sub-)lease agreements of the Cabka Group regarding office and warehouse areas in (i) Berlin, Germany and (ii) Paterna, Spain
Liquidation	means DSC2 adopting a resolution to (i) dissolve and liquidate DSC2 and (ii) to delist the Ordinary Shares and Warrants
Maintenance and	means the expenses incurred by the company that are related to the maintenance

Replacement Capital Expenditures	and replacements of assets like plants, machinery and buildings
Maintenance and Replacement Capital Expenditures as a percentage of revenue	means Maintenance and Replacement Capital Expenditures divided by Revenue
Majority Shareholder	means RAM.ON Finance
Majority Share Consideration – Existing Shares	means the 6,172,000 existing Ordinary Shares, which are currently being held in treasury, which DSC2 shall transfer to the Majority Shareholder on Completion as part of the exchange under the BCA
Majority Share Consideration – New Shares	means the 5,000,000 newly issued DSC2 Ordinary Shares which DSC2 shall issue to the Majority Shareholder on Completion as part of the exchange under the BCA
Majority Shares	means the Cabka Shares held by RAM.ON Finance
Management Board	means the management board (*bestuur*) of the Combined Company
Management Board Rules	means the rules adopted by the Management Board governing the Management Board's principles and best practices
Managing Director	means a member of the Management Board
Market Abuse Regulation	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
Member State	means any member of the European Union from time to time
Minority Cash Consideration	means the cash consideration of EUR 63,280,000 paid by DSC2 in exchange for the shares in Cabka Group Gmbh held by the Minority Shareholders
Minority Shareholders	means Fabrice International B.V., Gifar N.V., Davhold B.V. and DIH Finanz und Consult GmbH, collectively
Net Working Capital (excluding cash and cash equivalents)	means trade accounts receivables plus inventories net of trade accounts payables
Net Working Capital (excluding cash and cash equivalents) as percentage of revenue	means Net Working Capital (excluding cash and cash equivalents) divided by Revenue
Oaklins	means Oaklins Equity & ECM Advisory B.V.
Ordinary Shareholder	means the holder of Ordinary Shares

Ordinary Shares means the ordinary shares of DSC2 and, after Completion, the Combined Company, which have a nominal value of €0.01 each

Packaging Directive means Directive 94/62/EC of 20 December 1994 of the European Parlement and the Council on packaging and packaging waste, as amended

Performance Shares means the to be issued additional Ordinary Shares to which RAM.ON Finance and Mr Tim Litjens will each be entitled if after Completion certain conditions as described in the BCA, and as displayed in section "*Business Combination – Performance Shares*", are met

Prospectus means DSC2's prospectus dated 16 November 2020, prepared in connection with the offering described therein

PSU Plan means the performance share unit plan, which shall be proposed to the General Meeting for adoption, under which a maximum of 571,411 PSUs may be granted to selected management and employees of the Group of which the Combined Company forms part, including the Management Board

PSUs means performance share units for Ordinary Shares, which may be granted to selected management and employees of the Group of which the Combined Company forms part, including the Management Board pursuant to the PSU Plan

RAM.ON Finance means RAM.ON finance GmbH, a private limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany with registered office in Berlin and registered with the commercial register of the local court of Berlin (Charlottenburg) under HRB 146641

Redemption Obligations means the potential obligation of DSC2 to repurchase certain Ordinary Shares from dissenting shareholders after the Shareholder Approval, as further set out in the Prospectus

Reflection Period means the statutory reflection period (*bedenktijd*) of up to 250 days that Dutch listed companies can invoke in response to shareholder activists seeking changes in the board composition and / or upon hostile takeover attempts pursuant to section 2:114b Dutch Civil Code

Relationship Agreement means the yet to be agreed relationship agreement between the Combined Company, DSC Executive Directors Holding B.V. and RAM.ON Finance

Remuneration Policy means the remuneration policy effective as per the Completion Date, which is subject to the approval of the General Meeting

Remuneration Committee and a Selection and Nomination Committee means the remuneration committee and a selection and nomination committee as set out in best practice provision 2.3.2 of the Dutch Corporate Governance Code

Revenue means total sales for the period, adjusted for one-off settlements with large customers resulting in positive sales impact

RLCs	means rigid large containers
US Securities Act	means the U.S. Securities Act of 1933, as amended
Shareholder	means all holders of Shares in DSC2, and, after Completion, the Combined Company including holders of Ordinary Shares and holders of Special Shares
Shareholder Approval	means shareholder approval of the Business Combination and accompanying resolutions
Shareholder Circular	means this shareholders' circular to the BC-EGM which supplements the explanatory notes to the BC-EGM Agenda
Shareholders' Register	means the shareholders' register of the Combined Company
Shares	means the shares of DSC2 and, after Completion, the Combined Company
Special Shares	means the convertible shares of DSC2, which have anominal value of €0.07 and are convertible into Ordinary Shares in accordance with this Prospectus.
Sponsor	means each of Mr Niek Hoek, Mr Stephan Nanninga and Mr Gerbrand ter Brugge (on behalf of Oaklins)
Supervisory Board	means the supervisory board (*raad van commissarissen*) of the Combined Company after Conmpletion
Supervisory Board Rules	means the rules adopted by the Supervisory Board governing the Supervisory Board's principles and best practices
Supervisory Director	means a member of the Supervisory Board
Tax or **Taxation**	means all forms of taxation irrespective by which authority it is imposed, administered or collected and irrespective whether it is imposed, administered or collected in Germany, Belgium, the Netherlands, Spain, the United States of America or in any other jurisdiction, including income tax, corporation tax, capital gains tax, inheritance tax, value added tax, customs and other import or export duties, excise duties, transfer taxes or duties, social security or other similar contributions, in each case, including tax or amounts equivalent to or in respect of income tax required to be deducted or withheld from or accounted for in respect of any payment, and any interest, penalty, surcharge or fine relating to such taxation
Transaction	means the transaction contemplated by the Business Combination Agreement, and where applicable, in conjunction with the transactions contemplated other Transaction Documents
Transaction Document	means the Business Combination Agreement, its schedules, the Irrevocable Agreements and any ancillary document or agreement in connection with the Business Combination Agreement and entered at the date of the Business Combination Agreement;

Underlying EBITDA	means EBITDA with figures being adjusted for non-recurring items
Underlying EBITDA Margin	means Underlying EBITDA divided by Revenue
Unit	means a unit consisting of six Ordinary Shares and six Warrants
United States or **U.S.**	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
USD or **$**	means US Dollars, the lawful currency of the United States
VSOP awards	means the entitlements which have been awarded to the Managing Directors under the Existing VSOP
Warrants	means the warrants underlying the Units allotted in the offering as described in the Prospectus
Warrants Holder	means the holder of Warrants

INDEX TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
Cabka Group GmbH – Consolidated Financial Statements FY2018 and Audit Report
Cabka Group GmbH – Consolidated Financial Statements FY2019 and Audit Report
Cabka Group GmbH – Consolidated Financial Statements FY2020 and Audit Report

CABKA GROUP GMBH

Berlin

Consolidated Financial Statements

December 31, 2018

note:
The report-file is an electronic copy.
Relevant is solely the in paper form created and delivered report.

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Das ganze Spektrum

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Handelsregister: Amtsgericht Stuttgart HRB-Nr. 3439

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CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2018
OF CABKA GROUP GMBH, BERLIN

ASSETS

		EUR		previous year kEUR
A. FIXED ASSETS				
I. Intangible assets				
1. Industrial rights and assets and similar rights and assets	2.551.231,90			3.297
2. Goodwill	11.666,99			46
		2.562.898,89		3.343
II. Property, plant and equipment				
1. Land, land rights and buildings	15.130.052,74			14.195
2. Technical plant and machines	42.929.405,79			36.802
3. Other assets, factory and office equipment	10.478.029,19			10.144
4. Payments on account and assets under construction	8.387.541,11			4.121
		76.925.028,83		65.262
III. Financial assets				
1. Shares of affiliated enterprises	87.068,46			87
2. Participations	3.400,50			88
		90.468,96		175
			79.578.396,68	68.780
B. CURRENT ASSETS				
I. Inventories				
1. Raw materials, consumables and supplies	10.033.969,47			10.685
2. Work in progress / Services	2.546.356,53			2.993
3. Finished goods and merchandise	13.204.088,22			13.188
		25.784.414,22		26.866
II. Receivables and other assets				
1. Trade receivables	21.511.799,11			21.026
2. Receivables from enterprises in which participations are held	0,00			1
3. Receivables from shareholders	21.139,74			339
4. Other assets	2.190.129,13			3.041
		23.723.067,98		24.407
III. Cash and cash equivalents		6.750.611,02		9.377
			56.258.093,22	60.650
C. PREPAID EXPENSES			1.048.453,74	717
			136.884.943,65	130.147

EQUITY AND LIABILITIES

		EUR	previous year kEUR
A. EQUITY			
I. Subscribed capital	3.363.421,00		3.363
II. Capital reserve	12.527.730,42		12.528
III. Retained earnings	284.998,81		285
IV. Balance sheet profit	19.510.533,58		16.603
V. Equity capital difference from currency conversion	199.973,59		35
VI. Adjustment item for minority interests	974.174,30		1.049
		36.860.831,70	33.863
B. SPECIAL ITEM FOR INVESTMENT GRANTS		158.513,43	216
C. ACCRUALS			
1. Tax accruals	1.512.866,50		486
2. Other accruals	4.963.116,55		5.056
		6.475.983,05	5.542
D. LIABILITIES			
1. Liabilities to banks	44.608.270,86		46.506
2. Liabilities from finance leasing	24.095.753,63		17.350
3. Payments received on account of orders	1.452.041,23		3.394
4. Trade payables	19.893.827,67		20.866
5. Payables to affiliated enterprises	64.822,39		66
6. Payables to shareholders	0,00		12
7. Other liabilities	2.482.294,59		1.757
		92.597.010,37	89.951
E. ACCRUED EXPENSES		266.000,00	0
F. DEFERRED TAX LIABILITIES		526.605,10	575
		136.884.943,65	130.147

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
FROM JANUARY 1 TO DECEMBER 31, 2018
OF CABKA GROUP GMBH, BERLIN

		EUR	EUR	previous year kEUR
1.	Sales	156.894.343,15		139.296
2.	Inventory changes	-254.334,08		-3.604
3.	Own work capitalized	3.217.828,89		2.416
4.	Other operating income	2.778.221,61		1.682
5.	Cost of materials			
	a) Cost of raw materials, consumables and supplies and of purchased goods	69.044.211,08		60.109
	b) Cost of purchased services	11.944.957,38		7.011
			81.646.891,11	72.670
6.	Personnel expenses			
	a) Wages and salaries	28.027.066,01		25.977
	b) Social security and old age pension cost	5.002.775,93		4.997
	thereof for old age pensions: EUR 87.900,63 (PY: kEUR 24)			
7.	Depreciation			
	Depreciation and amortisation on intangible fixed assets and tangible fixed assets	15.600.727,09		13.988
8.	Other operating expenses	24.779.816,97		23.620
			73.410.386,00	68.582
9.	Income from long-term loans in financial assets	0,00		1
10.	Other interest and similar income	39.336,26		54
11.	Interest and similar expenses	2.270.467,81		2.036
			-2.231.131,55	-1.981
12.	Taxes on income		2.345.292,95	1.138
13.	Result after taxes		3.660.080,61	969
14.	Other taxes		845.243,41	959
15.	Net income		2.814.837,20	10
16.	Deduction of minority interests at annual result	93.147,72		34
17.	Profit carried forward from previous year	16.602.548,66		16.559
			16.695.696,38	16.593
18.	Balance sheet profit		19.510.533,58	16.603

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CONSOLIDATED FLOW OF FUND ANALYSIS
FOR THE YEAR 2018
OF
CABKA GROUP GMBH, BERLIN

	2018 kEUR	previous year kEUR
Profit from the period (consolidated net income for the financial year including minority interests)	2.815	10
Depreciation of fixed assets	15.600	13.988
Increase in long-term accruals	103	286
Other non-cash expenses/income	-725	314
Increase/decrease in inventories, trade receivable and other assets not related to investing or financing activities	1.280	-3.363
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	-2.702	1.985
Gain(-)/loss on disposal of fixed assets	-365	-31
Interest expense	1.423	1.103
Income from special items	-62	-76
Income tax expense	2.393	1.138
Income taxes paid	-1.473	-311
Cash flow from operating activities (1)	**18.287**	**15.043**

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	2018 kEUR	previous year kEUR
Proceeds from disposal of intangible fixed assets	0	1
Payments to acquire intangible fixed assets	-274	-1.808
Proceeds from disposal of tangible fixed assets	201	628
Payments to acquire tangible fixed assets	-26.017	-13.103
Proceeds from disposal of long-term financial assets	500	100
Payments to acquire long-term financial assets	-34	0
Payments for increases in the scope of consolidation	0	0
Cash flow from investing activities (2)	**-25.624**	**-14.182**
Proceeds from borrowings (including finance leasing)	10.535	12.721
Repayments for borrowings (including finance leasing)	-6.247	-12.489
Proceeds from grants received	62	76
Interest paid	-1.423	-1.103
Cash flow from financing activities (3)	**2.927**	**-795**

	2018 kEUR	previous year kEUR
Net change in cash funds (1)+(2)+(3)	-4.410	66
Effect on cash funds from exchange rate changes and remeasurements	-409	1.408
Effect on cash funds from changes in the scope of consolidation	0	0
Cash funds at beginning of period	294	-1.180
Cash funds at end of period	**-4.525**	**294**

Composition of the financial fund

	2018 kEUR	previous year kEUR
Liquid funds	6.751	9.377
At all reasonable times payable liabilities to banks	-11.276	-9.083
Cash funds at end of period	**-4.525**	**294**

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CONSOLIDATED EQUITY SCHEDULE FOR THE YEAR 2018
OF CABKA GROUP GMBH, BERLIN

	Equity attributable to parent company							Non-controlling interests		Group equity
	Subscribed capital	**Capital reserve** in accordance with section 272(2) no. 4 of the HGB	**Retained earnings** Other retained earnings	**Equity capital difference from currency conversion**	**Profit / loss carried forward**	**Consolidated net income / net loss for the financial year attributable to parent company**	**Non-controlling interests before equity capital difference from currency conversion and net income / net loss for the financial year**	**Equity capital difference from currency conversion attributable to non-controlling interests**	**Profit or loss attributable to non-controlling interests**	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at January 1, 2018	3.363.421,00	12.527.730,42	284.998,81	34.657,52	16.602.548,66	0,00	1.049.157,43	0,00	0,00	33.862.513,84
Currency conversion	0,00	0,00	0,00	165.316,07	0,00	0,00	0,00	18.164,59	0,00	183.480,66
Other changes	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Consolidated net income / net loss for the financial year	0,00	0,00	0,00	0,00	0,00	2.907.984,92	0,00	0,00	-93.147,72	2.814.837,20
Balance December 31, 2018	3.363.421,00	12.527.730,42	284.998,81	199.973,59	16.602.548,66	2.907.984,92	1.049.157,43	18.164,59	-93.147,72	36.860.831,70

The equity capital isn't subject to any legal or constitutional payout blocks.

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NOTES FOR THE FISCAL YEAR 2018
CABKA GROUP

I. PRESENTATION OF GROUP RATIOS

1. General information

Cabka Group GmbH with its head office in Berlin is registered in the Commercial Register at the Local Court in Charlottenburg under number HRB 153237.

The consolidated financial statement of the Cabka Group GmbH is prepared according to the rules of the German Commercial Code (HGB). The disclosures in the notes are in EURO unless it is commented differently.

The Profit and Loss statement has been prepared according to the total cost method based on § 275 clause 2 HGB.

2. Key date of the consolidated financial statement and the included year-end accounts

The consolidated financial statement is prepared on the date of the parent company, Cabka Group GmbH, Berlin. Also the fully consolidated companies of the consolidated financial statement present their financial statements on the same date as the parent company and are included without any preparation of interim accounting into the Group.

3. General information on the scope of consolidation

The scope of consolidation is based on the principles of §§ 294, 296 HGB (German GAAP). According to § 294 clause 1 HGB the consolidated financial statement includes besides the parent company Cabka Group GmbH, Berlin, (formerly Cabka GmbH, Weira) the following subsidiaries in accordance to the principles of full consolidation:

	Participation rate:
Cabka North America Inc., Missouri (USA)	90,01%
Cabka Spain S.L.U., Valencia (Spain)	100,00%
System Technik GmbH, Weira	66,22%
Cabka GmbH & Co. KG, Weira	100,00%
Cabka Belgium N.V., Ieper (Belgium)	100,00%
Cabka GmbH & Co. KG Eifel, Bad Münstereifel	100,00%
Innova Packaging Systems N.V., Ieper (Belgium)	100,00%
Cabka GmbH Genthin, Genthin	100,00%

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Following companies were not considered in the consolidation as those entities have limited impact on the group and its net asset, finance and earning position:

	Participation rate %	Equity KEUR	Results KEUR
Cabka Verwaltungs GmbH, Weira	100,00	32	1
Cabka Verwaltungs GmbH Eifel, Bad Münstereifel	100,00	61	0

4. Exempting effect due to § 264b No. 3 HGB

The consolidated financial statement has exempting effect due to § 264b No. 3 HGB for Cabka GmbH & Co. KG, Weira and Cabka GmbH & Co. KG Eifel, Bad Münstereifel.

II. INFORMATION ON ACCOUNTING AND EVALUATION

1. Indication of the applied accounting and valuation methods of the Balance Sheet and the Profit and Loss statement

To improve the structure and transparency of the Balance Sheet and Profit and Loss statement notes and comments were mainly discussed in the Appendix.

Investment supplements are covered firstly in a special reserve, which are initially w/o a net result effect in the P&L. The pro rata temporis dissolution is reported under other operating income.

2. Statement of the basis for the translation of monetary items

All audited financial statements prepared in foreign currency were converted in the consolidation. Assets and liabilities are valued at the average spot rate on the balance sheet key date, income and expenses at the average rate on an annual basis. Resulting from different rates in the balance sheet and profit and loss account, exchange gains or losses are reported w/o net result effects directly in Equity under the heading "Equity capital difference from currency conversion".

The included components of Equity and Retained earnings of the actual value method are translated at historical rates. Changes in the rates since the date of the first consolidation are displayed at the balance sheet key date in the equity position "Equity capital difference from currency conversion", resulting in neither profit or loss.

The major currencies of countries, not participating in the European Monetary Union, have been developed as follows:

	Unit of foreign currency per EUR		
	Average rate 2018	Closing rate Dec 31st, 2018	Closing rate Dec 31st, 2017
US-Dollar	0,84787	0,87429	0,83482

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III. INFORMATION AND NOTES TO THE CONSOLIDATION METHODS

1. Equity consolidation

The consolidation of the subsidiaries is in accordance to § 301 clause 1 no. 2 HGB based on the revaluation method. Hereby is effected the offset of booking value of shares with the value to be attributed of Equity based on foundation date or date of purchasing the affiliates.

Due to the consolidation of Innova Packaging Systems N.V., Ieper (Belgium) a positive difference from the asset allocation of KEUR 484 has been entered as “Goodwill” in the balance and will be depreciated over the useful life of 5 years linear. The value of amortization for 12 months in 2018 is KEUR 24, hence all the “Goodwill” has been depreciated.

Resulting from the first consolidation of Cabka GmbH & Co. KG Eifel in 2015 there are hidden reserves of KEUR 774. Those are allocated to land (KEUR 114), buildings (KEUR 217), machines and factory and office equipment (KEUR 166) and customer base (KEUR 277). The depreciation is due to the regular useful life and amounts to KEUR 94 in 2018.

2. Elimination of intercompany profit and loss

The intercompany profit and losses between parent company and subsidiaries have been eliminated in the reporting year.

3. Deferred taxes

The option to capitalise due to § 274 HGB is not applied.

Deferred taxes due to § 306 HGB were entered at the initital consolidation of Innova Packaging Systems N.V., Ieper according to the revaluation method. The amount of the deferred tax assets for existing loss carryforwards at the date of the inittial consolidation was KEUR 2.384, at the closing date the amount decreased to KEUR 0. Furthermore deferred tax liabilities in an amount of KEUR 945 were entered at the date of the intital consolidation due to hidden reserves and liabilities that were uncovered. At the closing date those deferred tax liabilities decreased to KEUR 802.

Deferred taxes on intermediate profits were made in accordance to § 306 HGB amounting at KEUR 275, after which the standard tax rate is the corporate tax rate of the individual company involved.

The individual tax rates of any entity were applied. The deferred tax assets and deferred tax liabilities are displayed netted in the position “Deferred taxes”.

IV. INFORMATION AND NOTES ON INDIVIDUAL ITEMS IN THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENTS OF INCOME

1. Individual items of fixed assets

The development of the fixed assets is shown on the following page.

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GROUP STATEMENT OF FIXED ASSETS

	At cost					Accumulated depreciation					Net book value	
	1-1-2018	Differences in currency	Additions / Transfers	Retirements	12-31-2018	1-1-2018	Differences in currency	Additions / Transfers	Retirements	12-31-2018	12-31-2018	12-31-2017
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
1. Industrial rights and assets and similar rights and assets	6.941.102,94	0,00	274.416,71	85.320,16	7.130.199,49	3.644.233,71	0,00	1.020.045,04	85.311,16	4.578.967,59	2.551.231,90	3.296.869,23
2. Goodwill	554.635,71	0,00	0,00	0,00	554.635,71	508.755,75	0,00	34.212,97	0,00	542.968,72	11.666,99	45.879,96
	7.495.738,65	0,00	274.416,71	85.320,16	7.684.835,20	4.152.989,46	0,00	1.054.258,01	85.311,16	5.121.936,31	2.562.898,89	3.342.749,19
II. Property, plant and equipment												
1. Land, land rights and buildings	26.371.563,90	113.248,83	2.065.815,05	0,00	28.550.627,78	12.176.445,01	24.549,44	1.219.580,59	0,00	13.420.575,04	15.130.052,74	14.195.118,89
2. Technical plant and machines	91.836.607,18	928.739,40	16.327.167,75	2.426.005,62	106.666.508,71	55.034.176,90	642.306,02	10.378.414,24	2.317.794,24	63.737.102,92	42.929.405,79	36.802.430,28
3. Other assets, factory and office equipment	32.611.999,31	47.753,22	3.359.117,57	752.183,21	35.266.686,89	22.468.085,00	34.403,94	2.932.557,25	646.388,49	24.788.657,70	10.478.029,19	10.143.914,31
4. Payment on account and assets under construction	4.202.203,97	21.328,70	4.265.202,68	3.410,59	8.485.324,76	81.092,68	773,97	15.917,00	0,00	97.783,65	8.387.541,11	4.121.111,29
	155.022.374,36	1.111.070,15	26.017.303,05	3.181.599,42	178.969.148,14	89.759.799,59	702.033,37	14.546.469,08	2.964.182,73	102.044.119,31	76.925.028,83	65.262.574,77
III. Financial assets												
1. Shares of affiliated enterprises	275.368,96	0,00	0,00	0,00	275.368,96	188.300,50	0,00	0,00	0,00	188.300,50	87.068,46	87.068,46
2. Participations	88.100,50	0,00	34.240,00	118.940,00	3.400,50	0,00	0,00	0,00	0,00	0,00	3.400,50	88.100,50
	363.469,46	0,00	34.240,00	118.940,00	278.769,46	188.300,50	0,00	0,00	0,00	188.300,50	90.468,96	175.168,96
	162.881.582,47	**1.111.070,15**	**26.325.959,76**	**3.385.859,58**	**186.932.752,80**	**94.101.089,55**	**702.033,37**	**15.600.727,09**	**3.049.493,89**	**107.354.356,12**	**79.578.396,68**	**68.780.492,92**

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Intangible assets

Acquired intangible assets are valued at investment costs, less depreciation.

The depreciation method is straight-line (pro rata temporis) over the useful life of 3 to 13 years.

Fixed assets

Property, plant and equipment are valued on the basis of the acquisition and production costs, less depreciation. The acquisition costs include the purchase price and any directly attributable transaction costs. Supplier discounts have been deducted.

Investment grants are deducted from the carrying amount of the subsidized assets.

The internal activities are accounted for using the direct costs plus overhead prorated.

Assets are depreciated using the straight-line method.

In the fiscal year, no extraordinary depreciations were made (PY KEUR 0).

In the reporting year items with acquisition costs up to EUR 800.00 are completely included in the expenses.

Disposals are written off to the net book value at the time of retirement (acquisition cost less accumulated depreciation).

The resulting book profits are reported in the profit and loss statement under "Other operating income", the book losses are reported under "Other operating expenses".

Financial assets

In 2018 the non-consolidated subsidiary O2D S.a.r.l. in which participations are held has been sold. This resulted in a disposal of financial assets of KEUR 119. Due to the disposal a profit of KEUR 381 has been realized.

2. Stocks

Raw materials and supplies, spare parts and trading goods are valued at acquisition costs. Finished goods and work in progress are valued based on cost of production or lower fair value. The production costs include material costs, manufacturing costs and special costs of production as well as adequate parts of the necessary material costs, manufacturing costs and the value consumption of the fixed assets. Reasonable costs of the administration costs are also included in those costs. Devaluations to the lower fair value have been made, as far as this was required.

3. Receivables and other assets

Receivables and other assets are valued at their nominal amount or the lower of fair value. Default risks of receivables are considered through appropriate specific allowances. A general reserve for potential doubtful accounts was sufficiently taken into account.

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Only KEUR 62 of the Receivables have a remaining maturity of more than a year. All other receivables and other assets have a remaining maturity of less than one year.

4. Prepaid Expenses

The position includes the costs of finance leases, accrued discounts and prepaid invoices. The prepaid expenses are recognized at the defined settlement amount.

5. Special items with reserve character

The special account with reserve character contains the received government grants since 2004. The dissolution of the special reserve follows the useful lifetime of assets.

In fiscal year 2018 the dissolution was KEUR 62.

6. Accruals

The other accruals consider all risks and contingent liabilities, which arose up to the balance sheet date and incurred until finalization of the Financial Statements. The evaluation was carried out with the estimated settlement amount in accordance to caution principle.

The position includes especially outstanding invoices (KEUR 1.717), provisions and bonuses (KEUR 325), vacation benefits (KEUR 1.320), annual statement and taxation costs (KEUR 216), contingent losses (KEUR 226), sales and distribution (KEUR 180), contributions to employer´s mutual insurance association (KEUR 136) and other provisions (KEUR 166).

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7. Liabilities

Liabilities as at December 31st, 2018

	Total KEUR	< 1 Year KEUR	Thereof maturity 1 - 5 Years KEUR	> 5 Years KEUR	Thereof secured KEUR
1. Liabilities to banks	44,608	18,295	15,382	10,931	39,608
Previous Year	46,507	15,342	20,574	10,591	40,456
2. Liabilities from finance leasing	24,096	8,772	12,997	2,327	24,096
Previous Year	17,350	6,123	10,641	586	17,350
3. Payments received on account of orders	1,452	1,452	0	0	0
Previous Year	3,394	3,394	0	0	0
4. Trade payables	19,894	19,894	0	0	0
Previous Year	20,866	20,866	0	0	0
5. Payables to affiliated enterprises	65	65	0	0	0
Previous Year	66	66	0	0	0
6. Payables to shareholders	0	0	0	0	0
Previous Year	12	12	0	0	0
7. Other liabilities	2,482	2,482	0	0	0
Previous Year	1,757	1,757	0	0	0
Total	92,597	50,960	28,379	13,258	63,704
Previous Year	89,952	47,560	31,215	11,177	57,806

The liabilities are presented at redemption value or the higher fair value.

In addition to mortgage legal securities (KEUR 6.000) to the credit institutes, there are claim and blanket assignments. Similarly, a number of production machines and the inventory of the warehouse were transferred as security.

Other liabilities of the reporting year are essentially tax liabilities (KEUR 1.154) and liabilities for social security (KEUR 158).

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8. Contingencies

Contingencies on December 31st, 2018:

	Dec 31st, 2018 KEUR	Dec 31st, 2017 KEUR
Obligations from guarantees	110	110

The probability of usage for the above displayed liabilities is estimated very low. There is no evidence that there is a need to evaluate differently.

9. Revenues

The domestic sales amounted to KEUR 44.939 (PY KEUR 34.798), the foreign revenues KEUR 111.955 (PY KEUR 104.498).

The sales in the reporting year 2018 include extraordinary sales of KEUR 4.500 related to the business area Material Handling. With those sales all claims regarding the attainment of contracted shelf-lives of particular products of this business area are satisfied.

10. Other operating income and expenses

The income relating to other periods results from the release of accruals (KEUR 367), charge-off of matured liabilities (KEUR 28), the disposal of fixed assets (KEUR 397) and other income from previous periods (KEUR 268).

The Other operating expenses relating to other periods mainly include losses on receivables (KEUR 432), losses on disposals of fixed assets (KEUR 31) and other expenses from previous periods (KEUR 280).

The Other operating costs include costs for total fees of the group auditor (KEUR 282). Those fees include costs for the yearend audit (KEUR 147), tax consulting (KEUR 47) and other services (KEUR 88).

11. Exceptional income

In the reporting year there has been a storm loss at the production location of the Cabka GmbH & Co. KG in Weira. The reimbursements by the insurance company have amounted to KEUR 379.

12. Exceptional expenses

The above storm loss at the production location of the Cabka GmbH & Co. KG in Weira has led to expenses of KEUR 359 in the reporting year. Mainly roofs and doors of the production halls have been damaged. KEUR 242 of the total KEUR 359 were capitalized in assets in construction because those will be capitalized at every particular asset after completion.

Further the inventory at Cabka GmbH & Co. KG, Weira, has been devaluated by KEUR 469 due to a change in accounting rules of various raw materials.

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V. OTHER REQUIRED INFORMATION

1. Other financial obligations

Financial liabilities at the Balance Sheet date comprise the following elements:

	2018 KEUR	**PY** KEUR
Leasing and maintenance contracts	1,640	2,235
Rental agreements	271	0
Ongoing costs of major repairs	862	892
Orders of machines	0	3,964
	2,773	7,091

2. Derivative financial instruments

There are interest derivatives to secure interests against increasing interest expenses with a volume of KEUR 240. The fair value of those derivatives amounts to KEUR 0 at closing date.

3. Information regarding Board Members

Managing directors of the company are:

- Mr. Gat Ramon (Berlin)
- Mr. Tim Litjens (Berlin, as of April 13, 2018)
- Mr. Thorsten Lenz (Berlin, until January 18, 2018)

Information of the remuneration of directors has been disclaimed in accordance to § 286 clause 4 HGB.

4. Average number of employees

In the Group were employed on a yearly average:

	Group 2018	Group 2017
Salaried-employees	186	182
Wage-earners	538	520
	724	702

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Berlin, April 12, 2019

Cabka Group GmbH
Managing Directors

Gat Ramon Tim Litjens

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INDEPENDENT AUDITOR'S REPORT

To the Cabka Group GmbH, Berlin

Audit Opinions

We have audited the consolidated financial statements of Cabka Group GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statement of profit and loss, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from January 1 to December 31, 2018, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of for the financial year from January 1 to December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2018, and of its financial performance for the financial year from January 1 to December 31, 2018 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Article 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

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Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

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- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart on April 15, 2019

BANSBACH GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

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[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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CABKA GROUP GMBH

Berlin

Consolidated Financial Statement and
Group Management Report

December 31, 2019

note:
The report-file is an electronic copy.
Relevant is solely the in paper form created and delivered report.

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Handelsregister: Amtsgericht Stuttgart HRB-Nr. 3439

Stuttgart
Baden-Baden
Balingen
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CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2019
OF CABKA GROUP GMBH, BERLIN

ASSETS

	EUR			previous year kEUR
A. FIXED ASSETS				
I. Intangible assets				
1. Self-created industrial property rights and similar rights and values	243.507,89			0
2. Industrial rights and assets and similar rights and assets	1.736.318,95			2.551
3. Goodwill	121.667,00			12
4. Payments on account for intangible assets	19.500,00			0
		2.120.993,84		2.563
II. Property, plant and equipment				
1. Land, land rights and buildings	14.416.195,49			15.130
2. Technical plant and machines	43.160.352,15			42.929
3. Other assets, factory and office equipement	9.642.210,58			10.478
4. Payments on account and assets under construction	6.683.417,23			8.388
		73.902.175,45		76.925
III. Financial assets				
1. Shares of affiliated enterprises	87.068,46			87
2. Participations	3.400,00			3
		90.468,46		90
			76.113.637,75	79.578
B. CURRENT ASSETS				
I. Inventories				
1. Raw materials, consumables and supplies	11.489.532,79			10.034
2. Work in progress / Services	2.680.159,17			2.546
3. Finished goods and merchandise	16.091.854,75			13.204
		30.261.546,71		25.784
II. Receivables and other assets				
1. Trade receivables	20.087.748,74			21.512
2. Receivables from shareholders	0,00			21
3. Other assets	2.160.019,41			2.190
		22.247.768,15		23.723
III. Cash and cash equivalents		19.484.658,86		6.751
			71.993.973,72	56.258
C. PREPAID EXPENSES			1.635.809,55	1.049
			149.743.421,02	136.885

EQUITY AND LIABILITIES

	EUR		previous year kEUR
A. EQUITY			
I. Subscribed capital	3.363.421,00		3.363
II. Capital reserve	12.527.730,42		12.528
III. Retained earnings	284.998,81		285
IV. Balance sheet profit	20.823.982,92		19.511
V. Equity capital difference from currency conversion	341.182,60		200
VI. Adjustement item for minority interests	944.650,74		974
		38.285.966,49	36.861
B. SPECIAL ITEM FOR INVESTMENT GRANTS		161.757,37	158
C. ACCRUALS			
1. Tax accruals	1.742.716,04		1.513
2. Other accruals	5.765.518,09		4.963
		7.508.234,13	6.476
D. LIABILITIES			
1. Liabilities to banks	61.755.105,32		44.608
2. Liabilities from finance leasing	17.768.520,25		24.096
3. Payments received on account of orders	0,00		1.452
4. Trade payables	20.800.936,03		19.894
5. Payables to affiliated enterprises	83.309,91		65
6. Other liabilities	2.419.545,68		2.482
		102.827.417,19	92.597
E. ACCRUED EXPENSES		439.602,52	266
F. DEFERRED TAX LIABILITIES		520.443,32	527
		149.743.421,02	136.885

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CONSOLIDATED INCOME STATEMENT
FROM JANUARY 1 TO DECEMBER 31, 2019
OF CABKA GROUP GMBH, BERLIN

		EUR		previous year kEUR
1.	Sales	160.556.564,10		156.894
2.	Inventory changes	2.493.336,01		-254
3.	Own work capitalized	4.742.205,45		3.218
4.	Other operating income	1.858.857,80		2.778
5.	Cost of materials			
	a) Cost of raw materials, consumables and supplies and of purchased goods	68.379.905,16		69.044
	b) Cost of purchased services	17.075.648,93		11.945
			84.195.409,27	81.647
6.	Personnel expenses			
	a) Wages and salaries	28.852.443,06		28.027
	b) Social security and old age pension cost thereof for old age pensions: EUR 42.576,85 (PY: kEUR 88)	5.520.352,29		5.003
7.	Depreciation			
	Depreciation and amortisation on intangible fixed assets and tangible fixed assets	17.818.887,56		15.601
8.	Other operating expenses	24.980.536,23		24.780
			77.172.219,14	73.411
9.	Other interest and similar income	915,61		39
10.	Interest and similar expenses	3.572.475,39		2.270
			-3.571.559,78	-2.231
11.	Taxes on income		1.379.415,59	2.345
12.	Result after taxes		2.072.214,76	3.660
13.	Other taxes		799.278,32	845
14.	Net income		1.272.936,44	2.815
15.	Deduction of minority interests at annual result	40.512,90		93
16.	Profit carried forward from previous year	19.510.533,58		16.603
			19.551.046,48	16.696
17.	Balance sheet profit		20.823.982,92	19.511

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CONSOLIDATED FLOW OF FUND ANALYSIS
FOR THE YEAR 2019
OF
CABKA GROUP GMBH, BERLIN

	2019 kEUR	previous year kEUR
Profit from the period (consolidated net income for the financial year including minority interests)	1.273	2.815
Depreciation of fixed assets	17.819	15.600
Increase in long-term accruals	1.092	103
Other non-cash expenses/income	49	-725
Increase/decrease in inventories, trade receivable and other assets not related to investing or financing activities	-3.882	1.280
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	1.313	-2.702
Gain(-)/loss on disposal of fixed assets	-14	-365
Interest expense	3.128	1.423
Income from special items	-12	-62
Income tax expense	1.379	2.393
Income taxes paid	-1.142	-1.473
Cash flow from operating activities (1)	**21.003**	**18.287**

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	2019 kEUR	previous year kEUR
Proceeds from disposal of intangible fixed assets	0	0
Payments to acquire intangible fixed assets	-583	-274
Proceeds from disposal of tangible fixed assets	336	201
Payments to acquire tangible fixed assets	-13.869	-26.017
Proceeds from disposal of long-term financial assets	0	500
Payments to acquire long-term financial assets	0	-34
Payments for increases in the scope of consolidation	0	0
Cash flow from investing activities (2)	**-14.116**	**-25.624**
Proceeds from borrowings (including finance leasing)	55.342	10.535
Repayments for borrowings (including finance leasing)	-34.879	-6.247
Proceeds from grants received	12	62
Interest paid	-3.128	-1.423
Cash flow from financing activities (3)	**17.347**	**2.927**

	2019 kEUR	previous year kEUR
Net change in cash funds (1)+(2)+(3)	24.234	-4.410
Effect on cash funds from exchange rate changes and remeasurements	-224	-409
Effect on cash funds from changes in the scope of consolidation	0	0
Cash funds at beginning of period	-4.525	294
Cash funds at end of period	**19.485**	**-4.525**

Composition of the financial fund

	2019 kEUR	previous year kEUR
Liquid funds	19.485	6.751
At all reasonable times payable liabilities to banks	0	-11.276
Cash funds at end of period	**19.485**	**-4.525**

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CONSOLIDATED EQUITY SCHEDULE FOR THE YEAR 2019
OF CABKA GROUP GMBH, BERLIN

	Equity attributable to parent company						Non-controlling interests			Group equity
	Subscribed capital	**Capital reserve** in accordance with section 272(2) no. 4 of the HGB	**Retained earnings** Other retained earnings	**Equity capital difference from currency conversion**	**Profit / loss carried forward**	**Consolidated net income / net loss for the financial year attributable to parent company**	**Non-controlling interests before equity capital difference from currency conversion and net income / net loss for the financial year**	**Equity capital difference from currency conversion attributable to non-controlling interests**	**Profit or loss attributable to non-controlling interests**	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at January 1, 2019	3.363.421,00	12.527.730,42	284.998,81	199.973,59	19.510.533,58	0,00	974.174,30	0,00	0,00	36.860.831,70
Currency conversion	0,00	0,00	0,00	141.209,01	0,00	0,00	0,00	10.989,34	0,00	152.198,35
Other changes	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Consolidated net income / net loss for the financial year	0,00	0,00	0,00	0,00	0,00	1.313.449,34	0,00	0,00	-40.512,90	1.272.936,44
Balance December 31, 2019	3.363.421,00	12.527.730,42	284.998,81	341.182,60	19.510.533,58	1.313.449,34	974.174,30	10.989,34	-40.512,90	38.285.966,49

The equity capital isn't subject to any legal or constitutional payout blocks.

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NOTES FOR THE FISCAL YEAR 2019
CABKA GROUP

I. PRESENTATION OF GROUP RATIOS

1. General information

Cabka Group GmbH with its head office in Berlin is registered in the Commercial Register at the Local Court in Charlottenburg under number HRB 153237.

The consolidated financial statement of the Cabka Group GmbH is prepared according to the rules of the German Commercial Code (HGB). The disclosures in the notes are in EURO unless it is commented differently.

The Profit and Loss statement has been prepared according to the total cost method based on § 275 clause 2 HGB.

2. Key date of the consolidated financial statement and the included year-end accounts

The consolidated financial statement is prepared on the date of the parent company, Cabka Group GmbH, Berlin. Also the fully consolidated companies of the consolidated financial statement present their financial statements on the same date as the parent company and are included without any preparation of interim accounting into the Group.

3. General information on the scope of consolidation

The scope of consolidation is based on the principles of §§ 294, 296 HGB (German GAAP). According to § 294 clause 1 HGB the consolidated financial statement includes besides the parent company Cabka Group GmbH, Berlin, the following subsidiaries in accordance to the principles of full consolidation:

	Participation rate:
Cabka North America Inc., Missouri (USA)	90,01%
Cabka Spain S.L.U., Valencia (Spain)	100,00%
System Technik GmbH, Weira	66,22%
Cabka GmbH & Co. KG, Weira	100,00%
Cabka Belgium N.V., Ieper (Belgium)	100,00%
Cabka GmbH & Co. KG Eifel, Bad Münstereifel	100,00%
Innova Packaging Systems N.V., Ieper (Belgium)	100,00%
Cabka GmbH Genthin, Genthin	100,00%

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Following companies were not considered in the consolidation as those entities have limited impact on the group and whose net asset, finance and earning position:

	Participation rate %	Equity KEUR	Results KEUR
Cabka Verwaltungs GmbH, Weira	100,00	32	1
Cabka Verwaltungs GmbH Eifel, Bad Münstereifel	100,00	61	0

Equity and net income are based on the financial statements from 2018.

4. Exempting effect due to § 264b No. 3 HGB

The consolidated financial statement has exempting effect due to § 264b No. 3 HGB for Cabka GmbH & Co. KG, Weira and Cabka GmbH & Co. KG Eifel, Bad Münstereifel.

II. INFORMATION ON ACCOUNTING AND EVALUATION

1. Indication of the applied accounting and valuation methods of the Balance Sheet and the Profit and Loss statement

To improve the structure and transparency of the Balance Sheet and Profit and Loss statement notes and comments were mainly discussed in the Appendix.

Investment supplements are covered firstly in a special reserve, which are initially w/o a net result effect in the P&L. The pro rata temporis dissolution is reported under other operating income.

2. Statement of the basis for the translation of monetary items

All audited financial statements prepared in foreign currency were converted in the consolidation. Assets and liabilities are valued at the average spot rate on the balance sheet key date, income and expenses at the average rate on an annual basis. Resulting from different rates in the balance sheet and profit and loss account, exchange gains or losses are reported w/o net result effects directly in Equity under the heading "Equity capital difference from currency conversion".

The included components of Equity and Retained earnings of the actual value method are translated at historical rates. Changes in the rates since the date of the first consolidation are displayed at the balance sheet key date in the equity position "Equity capital difference from currency conversion", resulting in neither profit or loss.

The major currencies of countries, not participating in the European Monetary Union, have been developed as follows:

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	Unit of foreign currency per EUR		
	Average rate 2019	Closing rate Dec 31st, 2019	Closing rate Dec 31st, 2018
US-Dollar	0,89462	0,89297	0,87429

III. INFORMATION AND NOTES TO THE CONSOLIDATION METHODS

1. Equity consolidation

The consolidation of the subsidiaries is in accordance to § 301 clause 1 no. 2 HGB based on the revaluation method. Hereby is effected the offset of booking value of shares with the value to be attributed of Equity based on foundation date or date of purchasing the affiliates.

Due to the consolidation of Innova Packaging Systems N.V., Ieper (Belgium) a positive difference from the asset allocation of KEUR 484 has been entered as "Goodwill" in the balance and depreciated over the useful life of 5 years linear.

Resulting from the first consolidation of Cabka GmbH & Co. KG Eifel in 2015 there are hidden reserves of KEUR 774. Those are allocated to land (KEUR 114), buildings (KEUR 217), machines and operating and office equipment (KEUR 166) and customer base (KEUR 277). The depreciation is due to the regular useful life and amounts to KEUR 94 in 2019.

2. Elimination of intercompany profit and loss

The intercompany profits and losses between parent company and subsidiaries have been eliminated in the reporting year.

3. Deferred taxes

The option to capitalise due to § 274 HGB is not applied.

Deferred taxes due to § 306 HGB were entered at the first consolidation of Innova Packaging Systems N.V., Ieper according to the revaluation method. The amount of the deferred tax assets for existing loss carryforwards at the date of the first consolidation was KEUR 2.384, at the closing date the amount is KEUR 0. Furthermore deferred tax liabilities in an amount of KEUR 945 were entered at the date of the first consolidation due to hidden reserves and liabilities that were uncovered. At the closing date those deferred tax liabilities decreased to KEUR 734.

Deferred taxes on adjustments to commercial balance sheet II and consolidation activities were made in accordance to § 306 HGB amounting at KEUR 214, after which the standard tax rate is the corporate tax rate of the individual company involved.

The individual tax rates of any entity were applied.

The deferred tax assets and deferred tax liabilities are displayed netted in the position "Deferred tax liabilities".

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IV. INFORMATION AND NOTES ON INDIVIDUAL ITEMS IN THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENTS OF INCOME

1. Individual items of fixed assets

The development of the fixed assets is shown on the following page.

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GROUP STATEMENT OF FIXED ASSETS

	At cost						Accumulated depreciation						Net book value	
	1-1-2019	Differences in currency	Additions	Retirements	Transfers	12-31-2019	1-1-2019	Differences in currency	Additions / Transfers	Retirements	Transfers	12-31-2019	12-31-2019	12-31-2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets														
1. Self-created industrial property rights and similar rights and values	0,00	0,00	243.507,89	0,00	0,00	243.507,89	0,00	0,00	0,00	0,00	0,00	0,00	243.507,89	0,00
2. Industrial rights and assets and similar rights and assets	7.130.199,49	0,00	170.228,21	4.450,00	0,00	7.295.977,70	4.578.967,59	0,00	985.140,66	4.449,50	0,00	5.559.658,75	1.736.318,95	2.551.231,90
3. Goodwill	554.635,71	0,00	150.000,00	0,00	0,00	704.635,71	542.968,72	0,00	39.999,99	0,00	0,00	582.968,71	121.667,00	11.666,99
4. Payments on account for intangible assets	0,00	0,00	19.500,00	0,00	0,00	19.500,00	0,00	0,00	0,00	0,00	0,00	0,00	19.500,00	0,00
	7.684.835,20	0,00	583.236,10	4.450,00	0,00	8.263.621,30	5.121.936,31	0,00	1.025.140,65	4.449,50	0,00	6.142.627,46	2.120.993,84	2.562.898,89
II. Property, plant and equipment														
1. Land, land rights and buildings	28.550.627,78	56.841,53	494.972,42	0,00	0,00	29.102.441,73	13.420.575,04	12.824,53	1.252.846,67	0,00	0,00	14.686.246,24	14.416.195,49	15.130.052,74
2. Technical plant and machines	106.666.508,71	463.964,81	6.444.155,66	2.051.152,65	6.030.148,03	117.553.624,56	63.737.102,92	314.921,77	12.125.347,00	1.800.016,28	15.917,00	74.393.272,41	43.160.352,15	42.929.405,79
3. Other assets, factory and office equipement	35.266.686,89	22.592,27	2.603.137,89	617.478,30	40.444,89	37.315.383,64	24.788.657,70	16.267,98	3.415.553,24	547.305,86	0,00	27.673.173,06	9.642.210,58	10.478.029,19
4. Payment on account and assets under construction	8.485.324,76	25.454,16	4.326.607,79	1.139,43	-6.070.592,92	6.765.654,36	97.783,65	370,48	0,00	0,00	-15.917,00	82.237,13	6.683.417,23	8.387.541,11
	178.969.148,14	568.852,77	13.868.873,76	2.669.770,38	0,00	190.737.104,29	102.044.119,31	344.384,76	16.793.746,91	2.347.322,14	0,00	116.834.928,84	73.902.175,45	76.925.028,83
III. Financial assets														
1. Shares of affiliated enterprises	275.368,96	0,00	0,00	0,00	0,00	275.368,96	188.300,50	0,00	0,00	0,00	0,00	188.300,50	87.068,46	87.068,46
2. Participations	3.400,50	0,00	0,00	0,50	0,00	3.400,00	0,00	0,00	0,00	0,00	0,00	0,00	3.400,00	3.400,50
	278.769,46	0,00	0,00	0,50	0,00	278.768,96	188.300,50	0,00	0,00	0,00	0,00	188.300,50	90.468,46	90.468,96
	186.932.752,80	**568.852,77**	**14.452.109,86**	**2.674.220,88**	**0,00**	**199.279.494,55**	**107.354.356,12**	**344.384,76**	**17.818.887,56**	**2.351.771,64**	**0,00**	**123.165.856,80**	**76.113.637,75**	**79.578.396,68**

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Intangible assets

Self-created intangible assets are valued at production costs within the reporting period, depreciation (pro rata temporis) will be 3 years in the future. According to § 248 clause 2 HGB capitalized development costs are KEUR 244. For the relevant projects development costs have been capitalized for the first time in 2019.

Acquired intangible assets are valued at investment costs, less depreciation. The depreciation method is straight-line (pro rata temporis) over the useful life of 3 to 13 years.

Goodwill as per closing date are valued at acquisition costs, depreciation is straight-line (pro rata temporis) over the useful life of 5 years. The entire goodwill results from subsidiaries annual financial statements.

Fixed assets

Property, plant and equipment are valued on the basis of the acquisition and production costs, less depreciation. The acquisition costs include the purchase price and any directly attributable transaction costs. Supplier discounts have been deducted.

Investment grants are deducted from the carrying amount of the subsidized assets.

The internal activities are accounted for using the direct costs plus overhead prorated.

Assets are depreciated using the straight-line method.

In the fiscal year, no extraordinary depreciations were made (PY KEUR 0).

In the reporting year items with acquisition costs up to EUR 800.00 are completely included in the expenses.

Disposals are written off to the net book value at the time of retirement (acquisition cost less accumulated depreciation).

The resulting book profits are reported in the profit and loss statement under "Other operating income", the book losses are reported under "Other operating expenses".

Financial assets

Financial assets are unchanged in 2019.

2. Stocks

Raw materials and supplies, spare parts and trading goods are valued at acquisition costs. Finished goods and work in progress are valued based on cost of production or lower fair value. The production costs include material costs, manufacturing costs and special costs of production as well as adequate parts of the necessary material costs, manufacturing costs and the value consumption of the fixed assets. Reasonable costs of the administration costs are also included in those costs. Devaluations to the lower fair value have been made, as far as this was required.

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3. Receivables and other assets

Receivables and other assets are valued at their nominal amount or the lower of fair value. Default risks of receivables are considered through appropriate specific allowances. A general reserve for potential doubtful accounts was sufficiently taken into account.

An amount of KEUR 130 of the Receivables have a remaining maturity of more than a year. All other receivables and other assets have a remaining maturity of less than one year.

4. Prepaid Expenses

The position includes the costs of finance leases (KEUR 422) and prepaid invoices. The prepaid expenses are recognized at the defined settlement amount.

5. Special items with reserve character

The special account with reserve character mainly contains the received government grants since 2004. The dissolution of the special reserve follows the useful lifetime of assets.

In fiscal year 2019 the dissolution was KEUR 12.

6. Accruals

The other accruals consider all risks and contingent liabilities, which arose up to the balance sheet date and incurred until finalization of the Financial Statements. The evaluation was carried out with the estimated settlement amount in accordance to caution principle.

The position includes especially outstanding invoices (KEUR 2.919), vacation benefits (KEUR 1.296), sales and distribution (KEUR 362), annual statement and taxation costs (KEUR 210), contingent losses (KEUR 159), warranty (KEUR 156), provisions and bonuses (KEUR 156).

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7. Liabilities

Liabilities as of December 31st, 2019

	Total KEUR	< 1 Year KEUR	Thereof maturity 1 - 5 Years KEUR	> 5 Years KEUR	Thereof secured KEUR
1. Liabilities to banks	61.755	19.880	39.583	2.292	61.755
Previous Year	44.608	18.295	15.382	10.931	39.608
2. Liabilities from leasing	17.769	5.372	10.853	1.544	17.769
Previous Year	24.096	8.772	12.997	2.327	24.096
3. Payments received on account of orders	0	0	0	0	0
Previous Year	1.452	1.452	0	0	0
4. Trade payables	20.801	20.792	9	0	0
Previous Year	19.894	19.894	0	0	0
5. Payables to affiliated enterprises	83	83	0	0	0
Previous Year	65	65	0	0	0
6. Other liabilities	2.419	2.188	231	0	0
Previous Year	2.482	2.482	0	0	0
Total	102.827	48.315	50.676	3.836	79.524
Previous Year	92.597	50.960	28.379	13.258	63.704

The liabilities are presented at redemption value or the higher fair value.

Beside mortgage legal securities (KEUR 10.000) to the credit institutes, there are further securities resulting from abstract promises of debt (KEUR 10.000), securities from investments in subsidiaries and inventories. Additional machines were transferred as security.

Other liabilities of the reporting year are essentially tax liabilities (KEUR 607) and liabilities for social security (KEUR 407).

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8. Revenues

The domestic sales amounted to KEUR 52.959 (PY KEUR 44.939), the foreign revenues KEUR 107.598 (PY KEUR 111.955).

9. Other operating income and expenses

The income relating to other periods results from insurance payments related to storm- and fire losses (KEUR 1.070), the release of accruals (KEUR 290), refund of electricity tax (KEUR 196), the disposal of fixed assets (KEUR 52) and other income from previous periods (KEUR 45).

Other operating income includes currency translation income of KEUR 155.

Other operating expenses result from the disposal of fixed assets (KEUR 30) and other expenses from previous periods (KEUR 37).

Other operating expenses include currency translation expenses of KEUR 473.

The Other operating costs include costs for total fees of the group auditor (KEUR 249). Those fees include costs for the yearend audit (KEUR 170), tax consulting (KEUR 28) and other services (KEUR 51).

V. OTHER REQUIRED INFORMATION

1. Other financial obligations

Financial liabilities at the Balance Sheet date comprise the following elements:

	2019 KEUR	**PY** KEUR
Rental agreements	2.111	2.368
Leasing and maintenance contracts	1.313	1.640
Ongoing costs of major repairs	0	862
Other	5	0
	3.429	4.870

Obligations from rental agreements have a remaining term of up to one year (KEUR 322), a remaining term of 1 to 5 years (KEUR 1.022) and a remaining term of more than 5 years (KEUR 767).

Obligations from leasing and maintenance contracts have a remaining term of up to one year (KEUR 466) and a remaining term of more than 5 years in the amount of KEUR 847.

Other financial obligations summarised under "Other" have a remaining term of up to one year.

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2. Derivative financial instruments

A forward exchange transaction (due date January 15th 2020) with a volume of KEUR 6.225 is in place to hedge currency risks on intragroup receivables. A valuation unit (micro hedge) was formed in accordance with § 254 HGB and the receivable was valued at a fixed exchange rate of 1.1489 in the amount of KEUR 6,225 in accordance with the net hedge presentation method

3. Payout block

As per 31. December 2019 there is a payout block of KEUR 244 according to § 268 clause 8 HGB. The amount relates entirely to the self-created intangible assets.

4. Information regarding Board Members

Managing directors of the company are:

- Mr. Gat Ramon (Berlin)
- Mr. Tim Litjens (Berlin)

Information of the remuneration of directors has been disclaimed in accordance to § 286 clause 4 HGB.

5. Average number of employees

In the Group were employed on a yearly average:

	Group 2019	Group 2018
Salaried-employees	191	186
Wage-earners	538	538
	729	724

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6. Supplementary report

The spread of the novel coronavirus has developed very dynamically and globally since January 2020, starting in China. In view of the dynamics of the spread, the difficulty of protecting people from infection and the dangerous nature of the virus, governments and national authorities have taken and are taking measures that severely restrict public life and have a strong negative impact on the economy (including the movement of goods and merchandise). There are great uncertainties as to how the negative economic effects will turn out worldwide and in Germany in the course of the year. The outbreak and spread of the novel coronavirus has serious global consequences, including economic and financial ones. At the time of preparation of the consolidated financial statemtent, the possible adverse effects on business caused by the outbreak of the coronavirus could not yet be adequately assessed. Possible effects of this situation are being analyzed on an ongoing basis. Please refer to the management report for further details.

Berlin, April 27th, 2020

Cabka Group GmbH
Managing Directors

Gat Ramon   Tim Litjens

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CABKA Group

MANAGEMENT REPORT FOR FISCAL YEAR 2019

Presentation of the Group

The CABKA Group (CABKA) is one of the leading experts in developing products made from recycled plastic. Our business model is based on an increasingly larger manufacturing depth. We turn industrial rejects, domestic packaging waste and recycled disused plastic products into the basic material for smart, economical and reliable products. CABKA systematically leverages its existing know-how and expertise in recycled plastic to become the international market leader for customised plastic solutions.

Our product portfolio includes the areas of “Material Handling” (from light-weight nestable export pallets to sophisticated pallet systems for high-bay warehouses and robust logistics pallets) and “Eco Products”. The latter are sustainable products made from 100% recycled plastic. They are used, among other things, in construction, road and traffic safety as well as gardening and landscaping.

Today, CABKA can look back on over 39 years of experience and is represented by its products around the globe in all key markets. We are producing in Germany, Belgium, Spain and the US and employing around 730 men and women.

Overall Economic Development and Presentation of Business Development

In the past fiscal year 2019, global growth was 2.9% and, according to the IMF, still significantly lower than the 3.6% year-on-year. The CABKA group of companies generated a similar Sales increase of +2.3% compared to the previous year 2018; adjusted for non-recurrent effects year-on year it was even +5.4%. Due to the corona epidemic, the IMF currently assumes a shrinking of the global economic output of up to -3% for 2020; the German Council of Economic Experts even predicts a drop of GDP of up to -5.4%. Owing to the “extreme uncertainty” we have to wait and see the trajectory of this global crisis.

Our Material Handling business unit achieved a slight Sales increase of +1.3%; adjusted for non-recurrent effects, it was +4.9%. Here, the CABKA Group companies continue to optimally complement each other’s product portfolios for a strong, diversified supplier of plastic pallets and

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pallet boxes. This enabled all the companies to successfully further augment their market positions both in terms of product portfolio and geographic location. Our Sales increase was due to organic growth in existing and new business areas, supported by developing novel products and investing in our machinery and infrastructure.

Our Eco Products business unit also significantly increased its Sales volume by +6.3%. This favourable Sales growth was the result of well-filled order books. A possible further increase was unfortunately not feasible due to limited production capacity. In the next fiscal year we want to better leverage existing market potential through efficiency-enhancing measures both at the Genthin and the Weira (Thuringia) sites.

Based on our current Sales development of -6.1% in 2020 Q1 compared to 2019 Q1 and on present order books, a development emerges for 2020, adjusted to the macroeconomic situation.

Production, Procurement and Investment

The overall performance in the reporting year increased year-on-year by a total of +5.0%. While the growth in Sales in 2018 was largely synchronised with existing production capacities, the past fiscal year saw us achieve an increase in inventory by the end of the year, thanks to, among other things, a significant gain in machine fleet efficiency. The aim of increases in inventory is to both fulfil short-term customer-related orders in a timely manner and to increase the speed of delivery, in particular in the commodity sector. In addition to increased production efficiency across all our plants, commissioning additional injection moulding machines for Material Handling and Eco Product systems also contributed in 2019 to our increase in production capacity. Expanding our capacities means that we have laid significant foundations for further growth in subsequent years. Combined with implementing our “Asset light” strategy, which we started in 2017 and further expanded in this reporting year, we were able to create machinery capacity for up to 20% more revenue in subsequent years. This strategy outsources some capital-intensive machines in certain business areas to conserve capital.

In order to further ensure dependable resource planning, one of our measures was to further enlarge our production site in Genthin, Germany, as an important supplier of raw materials for the CABKA Group. Investments in complete material recycling have been completed, enabling us to manufacture and serve Eco Products for the end customer market directly from our site. In addition to CABKA Genthin, other group companies are also supplied with resources to harness synergies to the fullest. By expanding our Genthin site, CABKA extends its raw material supply and furthers its approach of a sustainable economic cycle.

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Another measure was for CABKA to recruit more highly qualified staff in the reporting year for vacancies in our Innovation Center, which we opened in early 2018 in a technology park in Valencia, Spain, enabling us to, among other things, drive material development for the entire Group. For existing and new product material formulations, we continuously test resources available on the market for compliance with assigned material specifications and provide this information to all sites via IT interfaces. This not only contributes to cost-effectively procuring material meeting product specifications, but also provides extended access to available materials.

The cost of materials in the fiscal year increased year-on-year by a total of +5.5%, due to our increased volume of business. While there was a slight cut in the cost of raw materials and supplies, the cost of purchased services significantly increased by +43%, mainly due to higher third-party service costs in Material Handling as part of our Asset light strategy, and higher energy costs. Our Eco Products business unit continues to optimally secure existing sources of raw materials across Europe and to open up new ones. Legal stipulations, in particular the increased rate of recovery for packaging waste and the closure of Asian markets as a buyer for this waste, ideally position CABKA as a recycler and manufacturer of finished products.

In 2019, investments in fixed assets amounted to a total of EUR 14.5M (previous year: around EUR 26.3M). Of that, approx. EUR 0.6M were invested in intangible assets and approx. EUR 13.9M in tangible assets, in particular to expand capacity and apply alternative measures in low and high pressure for Material Handling and in Eco Products. Expansion investments, some of which were commissioned in 2019 and some of which will be commissioned in 2020 Q1, we also created the basis for achieving our growth targets in the coming years.

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Personnel

Our employees play a decisive role in our company's success. When implementing our strategy for the future, we rely on the professional, personal and social skills of our workforce. In fiscal year 2019, an average of 729 employees worked for us, which is about the same as last year (724 employees).

Non-Financial Performance Indicators

In all our companies, trained and committed employees represent the success of our Group. In addition to the offered training programmes, we constantly look for and support committed leadership talent in our own ranks. We maintain an open dialogue, which is a key success factor for our journey to becoming the preferred choice for our employees and customers.

Successfully introduced in all CABKA group companies early in 2018, the SAP ERP system was further optimised in the reporting year. In addition to globally harmonising the group-wide data landscape and processes, we integrated our Innovation Center in Spain via interfaces with SAP. State-of-the-art reporting tools helped to automate our reporting processes and made them accessible to all companies and functional areas. Our goal remains to use continuous process improvements to achieve maximum visibility in all areas.

By bundling our innovative forces in one location, the Innovation Center in the technology park of Valencia, Spain, we can intensify our work on new technologies for the future. In addition to the successful implementation of material development, our other two business units, automation technology and product development, also boast initial successes. Experienced project managers and development teams oversee our restructured, strong product development pipeline for the coming years, from idea creation to implementation.

Responsibility for our environment is anchored in our business model. We are committed to manufacturing high quality, useful products from recycled plastic and, together with our customers, creating value-adding, sustainable solutions. Maximising the potential of waste materials with minimal ecological and economic effort will always be in the foreground.

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Presentation of Financial Position, Cash Flows and Financial Performance

Financial Position

Our Balance Sheet total in 2019 increased year-on-year by EUR +12.8M (+9.3%) to EUR 149.7M. Fixed assets decreased by EUR -3.5M and liquid assets increased by EUR +15.7M.

Intensity of investments, as measured by the Balance Sheet total, substantially decreased year-on-year by around 51%. The ratio of current assets to the Balance Sheet total is around 49% and substantially increased year-on-year.

Cash Flows

In the past fiscal year, the CABKA Group generated an Operating Cash flow in the amount of EUR 21,003K.

As a result of the positive Annual profit and the parallel increase of bank loans from EUR 44.5M to EUR 61.8M, there is a slight decline in Equity ratio to 25.6% (previous year: 26.9%). Liabilities from hire-purchase agreements substantially decreased to EUR 17.8M (EUR -6.3M year-on-year). Bank liabilities include EUR 5M loan resources refinanced by the KfW's ERP innovation programme—subordinate tranche. These funds are considered economic subordinated Equity, so meets the criteria to be reported as Equity.

On the effective date, Cash and Cash equivalents are EUR 19,485K, after EUR 6,751K in the previous year.

Financial Performance

In the past fiscal year, Consolidated Net profit is composed of the companies as per the Group appendix.

Material intensity, as measured by Gross performance in the current reporting year, hardly changed year-on-year and is 50.9% (previous year: 50.7%). While the cost of purchased services increased significantly, we were able to maintain our material quota by, among other things, material price reductions when procuring higher-grade recycled raw materials and new materials. Personnel intensity only slightly decreased from 20.7% to 20.5%. Started in 2018 by the

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management, our efficiency enhancement programme, together with staff reduction measures, was strictly continued in the past fiscal year.

Earnings before taxes in the past fiscal year are EUR 3,452K. Consolidated Net earnings are EUR 1,273K.

The adjusted year-on-year Sales increase of +5.4% is slightly below our annual expectations. The reasons for this are a weakening automotive sector in the second half of the year, plus the late introduction of product developments, in particular in Material Handling. The loss of revenue was, in part, compensated by Sales growth in various other areas, such as food & retail and pooling. Reorganising product development under the umbrella of our Innovation Center in the second half of the year, we took structural measures to be able in future to launch product developments on time. Last year, we started to reposition our Sales structure with Global Segment Manager for global key segments and to reallocate the Material Handling sales areas in northern and southern Europe as well as in North and Central America. We completed both projects. Another favourable aspect is, however, an almost complete sell-out in all eco products sub-sectors, which in turn grew by +6.3%.

Forecasting, Opportunity and Risk Report

In the reporting year, we continued to staff critical roles at the parent company, CABKA Group GmbH, and the subsidiaries with experienced employees. Three critical plant manager positions at our two main production sites in Weira, Germany, and Ypres, Belgium, as well as in Genthin were successfully restaffed. In addition, we made changes to local management teams, partly through internal restaffing in Europe and the US.

In order to enable efficient and effective cross-site coordination of our growth strategies and operations by taking into account company-specific know-how, all group-wide activities and strategic decisions are still centred on the supervisory group level.

For many years, CABKA has actively fostered and driven innovative strength at all our sites. The teams involved in these processes are optimally connected to each other. Enlarging our Innovation Center helps to bundle and prepare the results of all teams in this area, enabling all sites alike to benefit from it. Interactively sharing information with all plants to achieve further efficiency gains in production is supported by the automation team in Valencia. In the reporting year, we delivered and implemented the first automation projects for sister companies. This year’s

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challenge remains the implementation of defined projects on time using existing resources as well the promotion of closer collaboration through defined processes.

In order to accommodate future growth in a financially stable environment for the coming years, CABKA signed a syndicated loan agreement with an international banking group for a further five years in the middle of the past fiscal year. On the one hand, this significantly increased available longer-term financial resources; on the other hand, syndication of the global loan commitment ensured cross-border flexibility within the Group while reducing the handling complexity of bilaterally conducted loan agreements at the individual sites. The funding provided in the syndicated loan agreement is subject to normal market credit terms (Covenants), which provide for the observance of certain financial statement figures. Failing to meet these Covenants would in principle entitle the creditors to terminate the granted loans. To that extent, we are diligently monitoring observance of these Covenants during the course of the year to ensure the CABKA Group's financial stability.

For 2020, we expect slightly increased Sales and Earnings compared to 2019. Sales development in 2020 Q1 was -6.1% compared to the same period year-on-year and falls short of expectations. Despite the current situation with a global spreading of Covid-19, which the WHO declared a pandemic on 11 March 2020, we were able to exceed our budgeted Earnings before interest and taxes by +26% with the help of preventive cost saving measures. In March, we compiled various scenarios for further business development with assumed loss of revenue of -25% for Q2 to Q4, also using different weighting, and initiated further preventive cost saving measures for Q2. We have to wait and see how business develops from here. In the event that Sales actually declines by 25% in fiscal year 2020 due to the coronavirus crisis, we expect Earnings before taxes of around EUR -6.1M. Taking into account reduced investments for HY2 and a lower demand for Working capital, the appropriations made available by the syndicated loan will suffice significantly. We are currently working with the banks on a Waiver for potential Covenant violations as potential scenarios occur. We assume that there will be an agreement with the banks, whereby a violation of covenant criteria due to the coronavirus crisis will not endanger syndicated financing. If, contrary to expectations, the financing banks do not agree to a waiver, the coronavirus crisis will have far-reaching consequences for the CABKA Group, and the Group would be substantially affected in its future development.

The current situation around Covid-19 with our declining order books tending represents a challenge for all our plants.

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Development of Subsidiaries

In 2018 HY2, Weira expanded its production capacities for low-pressure injection-moulding processes. This enabled us to further enlarge our Material Handling capacity in Weira, Germany, and positioned us well for 2019. Early in the year we initiated preventive repair and maintenance measures for our tool pool, resulting in lower tool-related downtime of the machine fleet and a significant contribution to increased overall performance year-on-year. We were also able to substantially increase our Sales volume. We further strengthened a long-term partner collaboration with a local injection-moulding company under our Asset light strategy.

In the reporting year, CABKA Genthin was still affected by the fire in the previous year. Retrofitting the plant design, including the installation of further two Eco Products machines during the year contributed to a stable production environment in 2019 Q4 and until today. Supervised by a new plant manager, the site reports consistently good production results in 2019 HY2, leading to, among other things, material supply security at the plant and also at the sister companies. The risk of fire in Genthin and also in all other plants remains a focus topic, locally and for the top management. Various preventive containment and precaution measures were taken in the fiscal year, such as employee training and revision of cleaning plans, but we also invested in new fire alarm systems.

Following the fire in August of last year in Bad Münstereifel, CABKA Eifel's equipment for reprocessing packaging waste was not replaced. While the PVC business continued to run, the management decided not to rebuild due to excessive investment costs and the break-even result. In the current fiscal year, CABKA Eifel GmbH & Co. KG merged with Cabka GmbH & Co. KG. The site closure is planned for the middle of the year.

The reporting year at our Belgian subsidiary, Innova Packaging Systems NV (IPS) in Ypres, was strongly influenced by the loss in revenue from a long-term key customer, and partly compensated by various existing customers. The new plant manager and their local management were challenged with optimising capacity planning and adapting the cost structure to the order books. In addition to alternative investments in the high-pressure injection-moulding machine fleet, we successfully implemented our first automation projects together with the Innovation Center team in Valencia. At our site in Herstal, Belgium (Cabka Belgium NV), we realised significant Sales growth from increased utilisation of the existing machine fleet, combined with changing shift operations from 24/5 to 24/7.

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CABKA North America, St. Louis (CNA) saw a slight decline in Sales year-on-year. The production environment largely stabilised. In order to achieve clearer growth in the current fiscal year, we need to introduce the advanced product development pipeline for the US market in a timely manner. At the same time, we have to get the already ordered replacement and expansion capacities operational in 2020 HY1.

Group-wide tool management was structurally bundled into the role of the Global “MH” Tool Performance Manager who, together with System Technik GmbH (ST), our tool making unit, coordinates preventive repair and maintenance. In the past fiscal year, System Technik achieved a turnover similar to the trend of previous years. The challenge in the current year will be to make the organisation even leaner, aligned with the new range of tasks, which focuses on maintaining tool performance within the Group.

Our planning for 2020 mainly earmarks investments in new tools and automation projects at all our sites as well as replacement and expansion investments for our US site.

Through assessment measures and the approach of value adjustments and provisions, the company has sufficiently taken into account all discernible risks. Since the extent of the coronavirus crisis cannot be fully assessed yet, it remains a significant risk. Preventive measures to reduce the risks have already been taken by adjusting working hours through furlough schemes or flexible working hours, reducing investment projects, optimising our Working Capital and further cost savings.

Berlin, 27 April 2020

Cabka Group GmbH
Managing Directors

Gat Ramon | Tim Litjens

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INDEPENDENT AUDITOR'S REPORT

To the Cabka Group GmbH, Berlin

Audit Opinions

We have audited the consolidated financial statements of Cabka Group GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statement of profit and loss, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from January 1 to December 31, 2019, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of for the financial year from January 1 to December 31, 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Article 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

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Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

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- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart on April 28, 2020

BANSBACH GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

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[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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CABKA GROUP GMBH

Berlin

Consolidated Financial Statement and
Group Management Report

December 31, 2020

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The report-file ist an electronic copy.
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CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2020
OF CABKA GROUP GMBH, BERLIN

ASSETS

	EUR	EUR	EUR	previous year kEUR
A. FIXED ASSETS				
I. Intangible assets				
1. Self-created industrial property rights and similar rights and values	92.243,39			244
2. Industrial rights and assets and similar rights and assets	903.986,38			1.736
3. Goodwill	90.001,00			122
4. Payments on account for intangible assets	25.900,00			19
		1.112.130,77		2.121
II. Property, plant and equipment				
1. Land, land rights and buildings	12.869.638,31			14.416
2. Technical plant and machines	35.543.757,06			43.160
3. Other assets, factory and office equipement	11.811.891,95			9.642
4. Payments on account and assets under construction	4.033.368,58			6.684
		64.258.655,90		73.902
III. Financial assets				
1. Shares of affiliated enterprises	87.068,46			87
2. Participations	3.400,00			3
		90.468,46		90
			65.461.255,13	76.113
B. CURRENT ASSETS				
I. Inventories				
1. Raw materials, consumables and supplies	8.348.656,12			11.490
2. Work in progress / Services	2.012.119,74			2.680
3. Finished goods and merchandise	14.791.675,01			16.092
		25.152.450,87		30.262
II. Receivables and other assets				
1. Trade receivables	20.483.689,36			20.088
2. Other assets	1.748.819,99			2.159
		22.232.509,35		22.247
III. Cash and cash equivalents		9.177.651,48		19.485
			56.562.611,70	71.994
C. PREPAID EXPENSES			2.045.288,07	1.636
			124.069.154,90	149.743

EQUITY AND LIABILITIES

	EUR	EUR	previous year kEUR
A. EQUITY			
I. Subscribed capital	3.363.421,00		3.363
II. Capital reserve	12.527.730,42		12.528
III. Retained earnings	284.998,81		285
IV. Balance sheet profit	17.793.258,62		20.824
V. Equity capital difference from currency conversion	-542.534,53		341
VI. Adjustement item for minority interests	364.716,56		945
		33.791.590,88	38.286
B. SPECIAL ITEM		621.411,02	162
C. ACCRUALS			
1. Tax accruals	880.280,20		1.743
2. Other accruals	5.720.639,78		5.765
		6.600.919,98	7.508
D. LIABILITIES			
1. Liabilities to banks	50.253.885,55		61.755
2. Liabilities from finance leasing	12.214.531,82		17.769
3. Payments received on account of orders	529.584,00		0
4. Trade payables	15.230.406,97		20.801
5. Payables to affiliated enterprises	93.055,58		83
6. Liabilities to shareholders	1.491.546,37		0
7. Other liabilities	2.772.198,94		2.419
		82.585.209,23	102.827
E. ACCRUED EXPENSES		0,00	440
F. DEFERRED TAX LIABILITIES		470.023,79	520
		124.069.154,90	149.743

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CONSOLIDATED INCOME STATEMENT
FROM JANUARY 1 TO DECEMBER 31, 2020
OF CABKA GROUP GMBH, BERLIN

		EUR		previous year kEUR
1.	Sales	134.552.296,02		160.557
2.	Inventory changes	-1.188.018,61		2.493
3.	Own work capitalized	2.496.320,36		4.742
4.	Other operating income	2.927.379,94		1.859
5.	Cost of materials			
	a) Cost of raw materials, consumables and supplies and of purchased goods	54.725.337,69		68.380
	b) Cost of purchased services	9.779.583,49		17.076
			74.283.056,53	84.195
6.	Personnel expenses			
	a) Wages and salaries	26.353.235,57		28.852
	b) Social security and old age pension cost thereof for old age pensions: EUR 28.302,47 (PY: kEUR 43)	4.752.459,82		5.520
7.	Depreciation Depreciation and amortisation on intangible fixed assets and tangible fixed assets	18.220.430,03		17.819
8.	Other operating expenses	24.209.041,49		24.981
			73.535.166,91	77.172
9.	Other interest and similar income	8.581,27		1
10.	Interest and similar expenses	2.350.310,38		3.573
			-2.341.729,11	-3.572
11.	Taxes on income		813.198,89	1.379
12.	Result after taxes		-2.407.038,38	2.072
13.	Other taxes		806.950,48	799
14.	Net loss (PY Net income)		-3.213.988,86	1.273
15.	Deduction of minority interests at annual result	183.264,56		41
16.	Profit carried forward from previous year	20.823.982,92		19.510
			21.007.247,48	19.551
17.	Balance sheet profit		17.793.258,62	20.824

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CONSOLIDATED FLOW OF FUND ANALYSIS
FOR THE YEAR 2020
OF
CABKA GROUP GMBH, BERLIN

	2020 kEUR	previous year kEUR
Profit from the period (consolidated net income for the financial year including minority interests)	-3.214	1.273
Depreciation of fixed assets	18.220	17.819
Increase in long-term accruals	427	1.092
Other non-cash expenses/income	641	49
Increase/decrease in inventories, trade receivable and other assets not related to investing or financing activities	4.423	-3.882
Increase/decrease in trade payables and other liabilities not related to investing or financing activities	-4.179	1.313
Gain(-)/loss on disposal of fixed assets	91	-14
Interest expense	2.145	3.128
Income from special items	-10	-12
Income tax expense	813	1.379
Income taxes paid	-2.594	-1.142
Cash flow from operating activities (1)	**16.763**	**21.003**

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	2020 kEUR	previous year kEUR
Proceeds from disposal of intangible fixed assets	0	0
Payments to acquire intangible fixed assets	-142	-583
Proceeds from disposal of tangible fixed assets	4.093	336
Payments to acquire tangible fixed assets	-12.408	-13.869
Proceeds from disposal of long-term financial assets	0	0
Payments to acquire long-term financial assets	0	0
Payments for increases in the scope of consolidation	0	0
Cash flow from investing activities (2)	**-8.457**	**-14.116**
Payment to minorities	-220	0
Proceeds from borrowings (including finance leasing)	40	55.342
Repayments for borrowings (including finance leasing)	-17.096	-34.879
Proceeds from grants received	10	12
Interest paid	-2.145	-3.128
Cash flow from financing activities (3)	**-19.411**	**17.347**

	2020 kEUR	previous year kEUR
Net change in cash funds (1)+(2)+(3)	-11.105	24.234
Effect on cash funds from exchange rate changes and remeasurements	798	-224
Effect on cash funds from changes in the scope of consolidation	0	0
Cash funds at beginning of period	19.485	-4.525
Cash funds at end of period	**9.178**	**19.485**

Composition of the financial fund

	2020 kEUR	previous year kEUR
Liquid funds	9.178	19.485
At all reasonable times payable liabilities to banks	0	0
Cash funds at end of period	**9.178**	**19.485**

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CONSOLIDATED EQUITY SCHEDULE FOR THE YEAR 2020
OF CABKA GROUP GMBH, BERLIN

	Equity attributable to parent company						Non-controlling interests			Group equity
	Subscribed capital	**Capital reserve** in accordance with section 272(2) no. 4 of the HGB	**Retained earnings** Other retained earnings	**Equity capital difference from currency conversion**	**Profit / loss carried forward**	**Consolidated net income / net loss for the financial year attributable to parent company**	**Non-controlling interests before equity capital difference from currency conversion and net income / net loss for the financial year**	**Equity capital difference from currency conversion attributable to non-controlling interests**	**Profit or loss attributable to non-controlling interests**	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance at January 1, 2020	3.363.421,00	12.527.730,42	284.998,81	341.182,60	20.823.982,92	0,00	974.174,30	10.989,34	-40.512,90	38.285.966,49
Currency conversion	0,00	0,00	0,00	-883.717,13	0,00	0,00	0,00	-66.317,26	0,00	-950.034,39
Other changes	0,00	0,00	0,00	0,00	0,00	0,00	-330.352,36	0,00	0,00	-330.352,36
Consolidated net income / net loss for the financial year	0,00	0,00	0,00	0,00	0,00	-3.030.724,30	0,00	0,00	-183.264,56	-3.213.988,86
Balance December 31, 2020	3.363.421,00	12.527.730,42	284.998,81	-542.534,53	20.823.982,92	-3.030.724,30	643.821,94	-55.327,92	-223.777,46	33.791.590,88

The equity is not subject to any legal or constitutional payout blocks, with the exception of the payout block mentioned in the notes.

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NOTES FOR THE FISCAL YEAR 2020
CABKA GROUP

I. PRESENTATION OF GROUP RATIOS

1. General information

Cabka Group GmbH with its head office in Berlin is registered in the Commercial Register at the Local Court in Charlottenburg under number HRB 153237.

The consolidated financial statement of the Cabka Group GmbH is prepared according to the rules of the German Commercial Code (HGB). The disclosures in the notes are in EURO unless it is commented differently.

The Profit and Loss statement has been prepared according to the total cost method based on § 275 clause 2 HGB.

2. Key date of the consolidated financial statement and the included year-end accounts

The consolidated financial statement is prepared on the date of the parent company, Cabka Group GmbH, Berlin. Also the fully consolidated companies of the consolidated financial statement present their financial statements on the same date as the parent company and are included without any preparation of interim accounting into the Group.

3. General information on the scope of consolidation

The scope of consolidation is based on the principles of §§ 294, 296 HGB (German GAAP). According to § 294 clause 1 HGB the consolidated financial statement includes besides the parent company Cabka Group GmbH, Berlin, the following subsidiaries in accordance to the principles of full consolidation:

	Participation rate:
Cabka North America Inc., Missouri (USA)	92,29%
Cabka Spain S.L.U., Valencia (Spain)	100,00%
System Technik GmbH, Weira	100,00%
Cabka GmbH & Co. KG, Weira	100,00%
Cabka Belgium N.V., Ieper (Belgium)	100,00%
Innova Packaging Systems N.V., Ieper (Belgium)	100,00%
Cabka GmbH Genthin, Genthin	100,00%

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Cabka GmbH & Co. KG Eifel, Bad Münstereifel was merged into Cabka GmbH & Co. KG, Weira, with effect from January 1, 2020. In the reporting year, the remaining minority shares in System Technik GmbH were acquired, so that the Cabka Group now holds all shares in System Technik GmbH. In addition, a capital increase was carried out at Cabka Spain S.L.U. and Cabka North America Inc. As a result of the capital increase, Cabka Group GmbH increased its shares in Cabka North America Inc by 2.28% to 92.29%.

Following companies were not considered in the consolidation as those entities have limited impact on the group and whose net asset, finance and earning position:

	Participation rate %	Equity KEUR	Results KEUR
Cabka Verwaltungs GmbH, Weira	100,00	32	1
Cabka Verwaltungs GmbH Eifel, Bad Münstereifel	100,00	59	0

Equity and net income are based on the financial statements from 2019.

4. Exempting effect due to § 264b No. 3 HGB

The consolidated financial statement has exempting effect due to § 264b No. 3 HGB for Cabka GmbH & Co. KG.

II. INFORMATION ON ACCOUNTING AND EVALUATION

1. Indication of the applied accounting and valuation methods of the Balance Sheet and the Profit and Loss statement

To improve the structure and transparency of the Balance Sheet and Profit and Loss statement notes and comments were mainly discussed in the Appendix.

Investment supplements are covered firstly in a special reserve, which are initially w/o a net result effect in the P&L. The pro rata temporis dissolution is reported under other operating income.

2. Statement of the basis for the translation of monetary items

All audited financial statements prepared in foreign currency were converted in the consolidation. Assets and liabilities are valued at the average spot rate on the balance sheet key date, income and expenses at the average rate on an annual basis. Resulting from different rates in the balance sheet and profit and loss account, exchange gains or losses are reported w/o net result effects directly in Equity under the heading "Equity difference from currency translation".

The included components of Equity and Retained earnings of the actual value method are translated at historical rates. Changes in the rates since the date of the first consolidation are displayed at the balance sheet key date in the equity position "Equity difference from currency translation", resulting in neither profit or loss.

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The major currencies of countries, not participating in the European Monetary Union, have been developed as follows:

	Unit of foreign currency per EUR		
	Average rate 2020	Closing rate Dec 31st, 2020	Closing rate Dec 31st, 2019
US-Dollar	0,87160	0,81417	0,89297

III. INFORMATION AND NOTES TO THE CONSOLIDATION METHODS

1. Equity consolidation

The consolidation of the subsidiaries is in accordance to § 301 clause 1 no. 2 HGB based on the revaluation method. Hereby is effected the offset of booking value of shares with the value to be attributed of Equity based on foundation date or date of purchasing the affiliates.

Due to the consolidation of Innova Packaging Systems N.V., Ieper (Belgium) a positive difference from the asset allocation of KEUR 484 has been entered as “Goodwill” in the balance and depreciated over the useful life of 5 years linear.

Resulting from the first consolidation of Cabka GmbH & Co. KG Eifel in 2015 there are hidden reserves of KEUR 774. Those are allocated to land (KEUR 114), buildings (KEUR 217), machines and operating and office equipment (KEUR 166) and customer base (KEUR 277). The depreciation is due to the regular useful life and amounts to KEUR 56 in 2020. Land and building were sold in 2020.

2. Elimination of intercompany profit and loss

The intercompany profit and losses between parent company and subsidiaries have been eliminated in the reporting year.

3. Deferred taxes

The option to capitalise due to § 274 HGB is not applied.

Deferred taxes due to § 306 HGB were entered at the first consolidation of Innova Packaging Systems N.V., Ieper according to the revaluation method. The amount of the deferred tax assets for existing loss carryforwards at the date of the first consolidation was KEUR 2.384, at the closing date the amount is KEUR 0. Furthermore deferred tax liabilities in an amount of KEUR 945 were entered at the date of the first consolidation due to hidden reserves and liabilities that were uncovered. At the closing date those deferred tax liabilities decreased to KEUR 677 (PY KEUR 734).

Deferred taxes on intermediate profits were made in accordance to § 306 HGB amounting at KEUR 207 (PY KEUR 214), after which the standard tax rate is the corporate tax rate of the individual company involved. In total, this results in a deferred tax liability of KEUR 470 (PY KEUR 520) and tax income from deferred taxes of KEUR 50 thousand (PY KEUR 7).

The individual tax rates of any entity were applied.

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The deferred tax assets and deferred tax liabilities are displayed netted in the position “Deferred tax liabilities”.

IV. INFORMATION AND NOTES ON INDIVIDUAL ITEMS IN THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENTS OF INCOME

1. Individual items of fixed assets

The development of the fixed assets is shown on the following page.

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GROUP STATEMENT OF FIXED ASSETS

	At cost						Accumulated depreciation						Net book value	
	1-1-2020	Differences in currency	Additions	Retirements	Transfers	12-31-2020	1-1-2020	Differences in currency	Additions / Transfers	Retirements	Transfers	12-31-2020	12-31-2020	12-31-2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets														
1. Self-created industrial property rights and similar rights and values	243.507,89	0,00	0,00	0,00	0,00	243.507,89	0,00	0,00	151.264,50	0,00	0,00	151.264,50	92.243,39	243.507,89
2. Industrial rights and assets and similar rights and assets	7.295.977,70	0,00	135.958,50	0,00	0,00	7.431.936,20	5.559.658,75	0,00	968.291,07	0,00	0,00	6.527.949,82	903.986,38	1.736.318,95
3. Goodwill	704.635,71	0,00	0,00	0,00	0,00	704.635,71	582.968,71	0,00	31.666,00	0,00	0,00	614.634,71	90.001,00	121.667,00
4. Payments on account for intangible assets	19.500,00	0,00	6.400,00	0,00	0,00	25.900,00	0,00	0,00	0,00	0,00	0,00	0,00	25.900,00	19.500,00
	8.263.621,30	0,00	142.358,50	0,00	0,00	8.405.979,80	6.142.627,46	0,00	1.151.221,57	0,00	0,00	7.293.849,03	1.112.130,77	2.120.993,84
II. Property, plant and equipment														
1. Land, land rights and buildings	29.102.441,73	-239.734,50	466.691,52	2.508.721,51	488.520,11	27.309.197,35	14.686.246,24	-67.989,78	1.295.380,72	1.474.078,14	0,00	14.439.559,04	12.869.638,31	14.416.195,49
2. Technical plant and machines	117.553.624,56	-2.022.616,70	8.670.320,94	2.908.402,76	-14.798.849,72	106.494.076,32	74.393.272,41	-1.665.261,51	12.227.730,25	1.200.400,85	-12.805.021,04	70.950.319,26	35.543.757,06	43.160.352,15
3. Other assets, factory and office equipement	37.315.383,64	-95.532,43	1.962.452,48	784.368,31	17.086.373,12	55.484.308,50	27.673.173,06	-85.685,09	3.515.809,87	235.902,33	12.805.021,04	43.672.416,55	11.811.891,95	9.642.210,58
4. Payment on account and assets under construction	6.765.654,36	-261.559,82	1.308.366,33	938.337,75	-2.776.043,51	4.098.079,61	82.237,13	-3.554,26	30.287,62	44.259,46	0,00	64.711,03	4.033.368,58	6.683.417,23
	190.737.104,29	-2.619.443,45	12.407.831,27	7.139.830,33	0,00	193.385.661,78	116.834.928,84	-1.822.490,64	17.069.208,46	2.954.640,78	0,00	129.127.005,88	64.258.655,90	73.902.175,45
III. Financial assets														
1. Shares of affiliated enterprises	275.368,96	0,00	0,00	0,00	0,00	275.368,96	188.300,50	0,00	0,00	0,00	0,00	188.300,50	87.068,46	87.068,46
2. Participations	3.400,00	0,00	0,00	0,00	0,00	3.400,00	0,00	0,00	0,00	0,00	0,00	0,00	3.400,00	3.400,00
	278.768,96	0,00	0,00	0,00	0,00	278.768,96	188.300,50	0,00	0,00	0,00	0,00	188.300,50	90.468,46	90.468,46
	199.279.494,55	**-2.619.443,45**	**12.550.189,77**	**7.139.830,33**	**0,00**	**202.070.410,54**	**123.165.856,80**	**-1.822.490,64**	**18.220.430,03**	**2.954.640,78**	**0,00**	**136.609.155,41**	**65.461.255,13**	**76.113.637,75**

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Intangible assets

Self-created intangible assets are valued at production costs within the reporting period, depreciation (pro rata temporis) will be 3 years in the future. According to § 248 clause 2 HGB capitalized development costs are KEUR 92 at balance sheet date, for the relevant projects developments costs have been capitalized the first time in 2019.

Acquired intangible assets are valued at investment costs, less depreciation. The depreciation method is straight-line (pro rata temporis) over the useful life of 3 to 13 years.

Goodwill as per closing date are valued at acquisition costs, depreciation is straight-line (pro rata temporis) over the useful life of 5 years. The entire goodwill results from subsidiaries annual financial statements.

Fixed assets

Property, plant and equipment are valued on the basis of the acquisition and production costs, less depreciation. The acquisition costs include the purchase price and any directly attributable transaction costs. Supplier discounts have been deducted.

Investment grants are deducted from the carrying amount of the subsidized assets.

The internal activities are accounted for using the direct costs plus overhead prorated.

Assets are depreciated using the straight-line method.

In the fiscal year, extraordinary depreciations were made of KEUR 150 (PY KEUR 0).

The additions and disposals of acquisition and production costs in the group statement of fixed assets include machinery and tools in the amount of KEUR 4.293 in connection with the conclusion of operating leases (sale and leaseback). In this connection, acquisition costs of KEUR 561 were already included in the group statement of fixed assets in 2019, which have now been recognized as a transfer or disposal in 2020. In this respect, acquisition costs totaling KEUR 4.854 were recognized as transfers or disposals in connection with the conclusion of operating leases.

In the reporting year items with acquisition costs up to EUR 800.00 are completely included in the expenses.

Disposals are written off to the net book value at the time of retirement (acquisition cost less accumulated depreciation).

The resulting book profits are reported in the profit and loss statement under "Other operating income", the book losses are reported under "Other operating expenses".

In order to achieve a uniform presentation of the consolidated balance sheet, since 2020 the assets of the foreign subsidiaries recognized as tools are no longer reported in the consolidated financial statements under the item "Technical equipment and machinery" but under the item "Other equipment, factory and office equipment". In the group statement of fixed assets, the adjustment was made in the "Transfers" column.

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Financial assets

Financial assets are unchanged in 2020.

2. Inventories

Raw materials and supplies, spare parts and trading goods are valued at acquisition costs. Finished goods and work in progress are valued based on cost of production or lower fair value. The production costs include material costs, manufacturing costs and special costs of production as well as adequate parts of the necessary material costs, manufacturing costs and the value consumption of the fixed assets. Reasonable costs of the administration costs are also included in those costs. Devaluations to the lower fair value have been made, as far as this was required.

3. Receivables and other assets

Receivables and other assets are valued at their nominal amount or the lower of fair value. Default risks of receivables are considered through appropriate specific allowances. A general reserve for potential doubtful accounts was sufficiently taken into account.

An amount of KEUR 4 of the other assets have a remaining maturity of more than one year. All other receivables and other assets have a remaining maturity of up to one year.

4. Prepaid Expenses

The position includes the costs of finance leases, accrued discounts and prepaid invoices. The prepaid expenses are recognized at the defined settlement amount.

5. Special items

This position includes the special items with reserve character and contains the received government grants since 2004. The dissolution of the special reserve follows the useful lifetime of assets.

In fiscal year 2020 the dissolution was KEUR 10.

Since 2020 an amount of KEUR 455 is shown as difference from the equity consolidation, which results from the acquisitions of the remaining shares of System Technik GmbH. The difference has the character of a liability. Due to the acquisition of minority interests, KEUR 675 was deducted from the adjustment item for minority interests.

6. Accruals

The other accruals consider all risks and contingent liabilities, which arose up to the balance sheet date and incurred until finalization of the Financial Statements. The evaluation was carried out with the estimated settlement amount in accordance to caution principle.

The position includes especially outstanding invoices (KEUR 2.446), vacation benefits (KEUR 1.163), sales and distribution (KEUR 428), annual statement and taxation costs (KEUR 199), contingent losses (KEUR 143), warranty (KEUR 359), provisions and bonuses (KEUR 366).

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7. Liabilities

Liabilities as of December 31st, 2020

	Total KEUR	< 1 Year KEUR	Thereof maturity 1 - 5 Years KEUR	> 5 Years KEUR	Thereof secured KEUR
1. Liabilities to banks	50.254	11.504	38.750	0	50.254
Previous Year	61.755	19.880	39.583	2.292	61.755
2. Liabilities from finance leasing	12.215	6.087	5.383	745	12.215
Previous Year	17.769	5.372	10.853	1.544	17.769
3. Payments received on account of orders	529	529	0	0	0
Previous Year	0	0	0	0	0
4. Trade payables	15.230	15.230	0	0	0
Previous Year	20.801	20.792	9	0	0
5. Payables to affiliated enterprises	93	93	0	0	0
Previous Year	83	83	0	0	0
6. Payables to shareholder	1.492	1.492	0	0	0
Previous Year	0	0	0	0	0
7. Other liabilities	2.772	2.721	51	0	0
Previous Year	2.419	2.188	231	0	0
Total	82.585	37.656	44.184	745	62.469
Previous Year	102.827	48.315	50.676	3.836	79.524

The liabilities are presented at redemption value or the higher fair value.

Beside mortgage legal securities (KEUR 10.000) to the credit institutes, there are further securities resulting from abstract promises to perform an act (KEUR 10.000), securities from investments in subsidiaries and inventories. Additional machines were transferred as security.

Other liabilities of the reporting year are essentially tax liabilities (KEUR 1.118) and liabilities for social security (KEUR 40).

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8. Sales

The domestic sales amounted to KEUR 41.460 (PY KEUR 52.959), the foreign revenues KEUR 93.092 (PY KEUR 107.598).

9. Other operating income and expenses

The income relating to other periods results from the release of accruals (KEUR 471), the disposal of fixed assets (KEUR 355) refund of electricity tax (KEUR 91), and other income from previous periods (KEUR 31).

Other operating income includes currency translation income of KEUR 53.

Other operating expenses relating to other periods result from the disposal of fixed assets (KEUR 437), losses on receivables (KEUR 199), back payments for payroll taxes (KEUR 64), pension insurance (KEUR 29) and trade association (KEUR 23) and other expenses from previous periods (KEUR 7).

Other operating expenses includes currency translation expenses of KEUR 958.

The Other operating costs include costs for total fees of the group auditor (KEUR 254). Those fees include costs for the yearend audit (KEUR 187), tax consulting (KEUR 22) and other services (KEUR 45).

10. Extraordinary income

Other operating income includes a Corona grant from the U.S. government in the amount of KEUR 1.085.

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V. OTHER REQUIRED INFORMATION

1. Other financial obligations

Financial liabilities at the Balance Sheet date comprise the following elements:

	2020 KEUR	PY KEUR
Rental agreements	1.789	2.111
Leasing and maintenance contracts	6.700	1.313
Ongoing costs of major repairs	0	0
Other	0	5
	8.489	3.429

Obligations from rental agreements have a remaining term of up to one year (KEUR 255), a remaining term of 1 to 5 years (KEUR 1.022) and a remaining term of more than 5 years (KEUR 512).

Obligations from leasing and maintenance contracts have a remaining term of up to one year (KEUR 1.631), a remaining term of 1 to 5 years (KEUR 4.546) and a remaining term of more than 5 years (KEUR 523).

2. Derivative financial instruments

A forward exchange transaction with a nominal value of KEUR 900 exists to hedge currency risks on intercompany receivables. The fair value of this forward exchange transaction, amounts to KEUR 18 at the balance sheet date.

3. Payout block

As per 31. December 2020 there is a payout block of KEUR 92 according to § 268 clause 8 HGB. The amount relates entirely to the self-created intangible assets.

4. Information regarding Board Members

Managing directors of the company are:

- Mr. Gat Ramon (Berlin)
- Mr. Tim Litjens (Berlin)

Information of the remuneration of directors has been disclaimed in accordance to § 286 clause 4 HGB.

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5. Average number of employees

In the Group were employed on a yearly average:

	Group 2020	Group 2019
Salaried-employees	185	191
Wage-earners	476	538
	661	729

Berlin, April 20th, 2021

Cabka Group GmbH
Managing Directors

Gat Ramon

Tim Litjens

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CABKA Group MANAGEMENT REPORT FOR THE 2020 FINANCIAL YEAR

Presentation of the Group

The CABKA Group (CABKA) is one of the leading experts in developing products made from recycled plastic. Today it can look back on over 40 years of experience and is represented by its products around the globe in all key markets. The business model is based on an increasingly large manufacturing depth with production sites in Germany, Belgium, Spain and the USA.

CABKA was one of the first companies in the industry to focus on recycled plastics for the manufacture of new products. It turns industrial production rejects, domestic packaging waste and recycled disused plastic products into the basic material for smart, economical and reliable products. It systematically leverages its existing know-how and expertise in recycled plastic to become the international market leader for customised plastic solutions.

CABKA employs around 660 people and is divided into the two business divisions: "Material Handling" (from the easy-to-nest export pallet and sophisticated pallet systems in high-bay warehouses to the robust logistics pallet) and "Eco Products". The latter are sustainable products made from 100% recycled plastic. They are used, among other things, in construction, road and traffic safety as well as in gardening and landscaping.

Macroeconomic Development and Presentation of the Business Development

While the first quarter of 2020 started relatively well on the basis of a stable order situation compared with the second half of 2019 (monthly sales increase of 2.6% on average), the rest of the financial year was strongly influenced by the COVID-19 pandemic in line with the overall global economic development. Under difficult conditions, coupled with the slowing economy, the CABKA Group posted a total sales deficit of -16.2% compared with the previous year 2019.
The "Material Handling" business division saw a significant decline in sales of around -19%. The reduction is mainly due to the decline in demand in the automotive and pooling sectors and for the higher-quality logistics pallets. This decline could be partially offset by the increasing demand in the retail business, among others.

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While the "Material Handling" division was more affected by the pandemic, sales in the "Eco Products" business division increased significantly by around 8%. The pleasing increase in sales is the result of a sustained positive order situation in combination with efficiency-enhancing measures in production.

In the next financial year we want to continue to better leverage existing market potential through ongoing production optimisation measures both at the site in Genthin and in Weira (Thuringia) and St. Louis / USA.

The planned restructuring of CABKA Eifel GmbH & Co. KG was implemented in the past financial year. CABKA Eifel was merged with CABKA GmbH & Co. KG to become a further mainstay of the "Eco Products" business with retrospective effect from the effective date of 1 January 2020. The site in Bad Münstereifel was closed towards the middle of the year.

Based on our current sales performance of -2.1% in the first quarter of 2021 compared with the corresponding period in the previous year (pre-COVID) and the current order book, a turnaround is emerging, which already began in the last quarter of the past financial year. In the "Material Handling" division in particular, demand in the euro zone and in the USA is once again increasing in line with the International Monetary Fund's forecast for 2021.

Production, Procurement and Investment

The overall performance in the reporting year fell by a total of -19% compared with the previous year, following the sales performance. The focus in view of COVID-19 was largely on cash conservation for an indefinite period of time. Existing stock was adjusted to the required purchase quantities during the year. Production capacities, which did not directly contribute to sales, were also reduced. Short-time working programmes and other country-specific programmes have been used where necessary at all sites to compensate for the periods when employees are not working. The "Eco Products" division remained completely unaffected by this.

The significant increase in production efficiency achieved in 2019, combined with the commissioning of additional injection moulding machines for the "Material Handling" division to increase production capacity during the year of COVID-19 in 2020, could not therefore be continued as planned. The machine capacities expanded as part of the asset light strategy, in which some capital-intensive machines were outsourced in certain business areas to protect capital, were also only used in line with demand requirements.

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The expansion of the site in Genthin/Germany, an important raw material supplier to the CABKA Group, which was also largely completed in the 2019 financial year, contributed to the significant increase in production in the "Eco Products" business division in the reporting year. By ensuring the planning reliability of resources, the manufacturing and operation of "Eco Products" for the end customer market could be run directly from the site. In addition, CABKA Genthin also supplied other Group companies with resources to harness synergies to the fullest. By expanding the Genthin site, CABKA extends its raw material supply and furthers its approach of a sustainable economic cycle.

The cost of materials in the 2020 financial year decreased by a total of -24.5% compared with the previous year, primarily due to the declining volume of business. While CABKA recorded a reduction in costs for raw materials, auxiliary materials, operating materials and commodities of around -20%, the costs for purchased services were significantly reduced by -43%. This drastic cost reduction in purchased services is largely due to increased in-house production, while in the previous year, capacities in "Material Handling" were still purchased from contractual partners in line with the asset light strategy, which was reflected in external services. The "Eco Products" business division continues to optimally secure existing sources of raw materials across Europe and to open up new ones. In the reporting year, CABKA swiftly secured purchase volumes in the order of 90% of the total demand for the entire financial year. Legal stipulations, in particular the increased recycling rate for packaging waste and the closure of Asian markets as a customer for this waste, ideally position CABKA as a recycler and manufacturer of finished products.

The activities initiated at the end of 2018 related to material development for the entire Group in the Innovation Centre, based at Valencia Technology Park in Spain, remained focused during the year of COVID-19. Staffed by highly qualified personnel, CABKA is pushing for continuous material development as a strategic success factor. The resources available on the market are continuously tested for existing and new product material formulations to ensure that they comply with the defined material specifications and this information is made available to all sites via IT interfaces. This not only contributes to cost-effectively procuring materials that meet the product specifications, but also provides extended access to available materials. Through continuous analysis and testing as well as classification of various plastic materials, along with the archiving and availability of data in the existing material laboratories, CABKA underlines its position as one of the leading experts in the industry in the area of product developmentfrom recycled plastics.

In view of the macroeconomic development from the second quarter of 2020, in addition to the essential cost control, a strict CAPEX policy was also pursued with the aim of protecting capital. The investments could be drastically reduced compared with previous years, not least due to

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capacity expansion investments already made in previous years. Net investments in fixed assets of around EUR 8.2 million (previous year: around EUR 14.5 million) were made in the 2020 financial year, eliminating the machines and tools (EUR 4.3 million) that were again treated as disposals as part of the operating lease. Around EUR 0.1 million of this was invested in intangible assets and about EUR 8.1 million in tangible assets, with a particular focus on new product developments and tools ("Material Handling" and in the "Eco Products" division).

Personnel

Our employees play a decisive role in our company's success. When implementing our strategy for the future, we rely on the professional, personal and social skills of our workforce. In the 2020 financial year, the average number of employees was 661, whereas the previous year's level was still at 729 employees. On the one hand, the reduction is based on the planned closure of the site in Bad Münstereifel and, on the other hand, it is the result of a comprehensive review of all departments in all Group companies. Through these periodic reviews at longer intervals, we ensure that efficient work is carried out in every area, without losing sight of the economic viability of our corporate processes.

In the past financial year, adjustments to working hours, such as short-time work in Germany or various other country-specific working time models, were also used as a preventive measure during the year to reduce the risks posed by COVID-19.

Non-Financial Performance Indicators

In all our companies, trained and committed employees represent the success of our Group. In addition to the training programmes offered, we constantly look for and support committed leadership talent in our own ranks. We maintain an open dialogue, which is a key success factor on our journey to becoming the first choice for our employees and customers.

The CABKA Group is committed, among other things, to taking comprehensive precautions to ensure a safe working environment in the area of health protection, occupational safety and the environment (HSE) and enabling employees to avoid risks and accidents. The focus of the activities is on internal audits at all production sites, which include the systematic recording of measures and processes, providing stimuli for continued targeted development.

Responsibility for our environment is anchored in our business model. We are committed to manufacturing high quality, useful products from recycled plastic and creating value-enhancing,

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sustainable solutions together with our customers. Maximising the potential of waste materials with minimal ecological and economic effort is always in the foreground.

Innovation is an integral part of our corporate strategy. By combining our research and development activities at one site, the Innovation Centre at Valencia Technology Park in Spain, we can intensify our work on new technologies for the future. In addition to the successful implementation of material development, the other two business divisions, Automation Technology and Product Development, are also based at the technology park.

While the Automation Technology team focuses on continuous productivity gains and increased cost-effectiveness at the production sites, Product Development focuses on direct added value for customers. Experienced project managers and development teams oversee the strong, restructured product development pipeline for the coming years, from the conceptual stage to the implementation. The focus is placed on customer-specific solutions as well as the further development of the existing product portfolio.

Presentation of the Asset Situation, Financial Position and Financial Performance

Asset Situation

Total assets decreased by EUR -25.7 million (-17.1%) to EUR 124.1 million in 2020 compared with the previous year, with fixed assets falling by EUR -10.7 million and current assets by EUR -15.4 million.

At around 53%, the fixed assets, measured against the total assets, increased slightly compared with the previous year. The ratio of current assets to the total assets is around 47% and decreased slightly compared with the previous year.

Financial Position

In the past financial year, the CABKA Group generated an operating cash flow amounting to TEUR 16,763.

As a result of the earnings deficit and at the same time a disproportionate reduction in bank loans from EUR 61.8 million to EUR 50.3 million, the equity ratio rose to 27.2% (previous year: 25.6%). Liabilities from hire-purchase agreements substantially decreased to EUR 12.2 million (EUR -5.6

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million compared with the previous year). Bank liabilities include EUR 5 million loan resources refinanced by the KfW's "ERP Innovation Programme - Subordinated Tranche. These funds are considered economic subordinated equity so part of them meets the criteria to be reported as equity.

On the effective date, the combined liquid assets amount to KEUR 9,178, compared with KEUR 19,485 in the previous year.

Financial Performance

In the past financial year, the consolidated annual result relates to the companies from the notes to the consolidated financial statements.

Material intensity, measured against the overall performance in the current reporting year, significantly changed compared with the previous year and stands at 47.5% (previous year: 50.9%). The reduction is due to the reduced use of purchased services, in particular the purchased contract manufacturing hours. In addition, the material quota could be maintained due to material price reductions when procuring higher-grade recycled raw materials and new materials, amongst other things. Due to the sharp decline in the overall performance, the personnel intensity has risen from 20.5% to 22.9%. This is primarily due to the existing workforce that cannot be completely cut back in the short term during the COVID-19 crisis. The management has consciously decided against a significant reduction in personnel. In fact, all employees across the Group have been fully compensated for their high level of commitment and loyalty in difficult times through short-time work and other programmes during the current year. These were all recorded as a provision in the past financial year.

The earnings before taxes in the past financial year amount to KEUR -1,594. The consolidated net loss is KEUR -3,214.

The decline in sales compared with the previous year stands at -16.2% and is significantly below the annual expectations before the COVID-19 pandemic and the continuing growth trend of recent years. The reasons for this are the global economic downturn, which was already evident in the weakening automotive sector in the second half of 2019 and was reinforced by the pandemic from the end of the first quarter of 2020. While the "Material Handling" division was more affected by this, not least due to the time delays in the introduction of new customer-related product developments, it was gratifying to note that the "Eco Products" division saw an almost complete

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sellout and further growth of 8%. Product Development, which is organised under the umbrella of the Innovation Centre, has worked on numerous new product developments in cooperation with customers and the local sales teams, despite the market's restrained investment behaviour in the past financial year. Many projects are about to be launched.

Forecasting, Opportunity and Risk Report

An ongoing review and the appointment of new experienced employees to critical roles at the parent company, CABKA Group GmbH, and the subsidiaries were continued in the reporting year. At the beginning of the year, new plant and production management personnel were appointed at the St. Louis site in the USA. In addition, a local operations manager was also deployed at the site in Spain towards the end of the first half of the year to better coordinate and monitor the operational activities. Central functions such as Purchasing Management and the Customer Service Manager Group have appointed new personnel in the parent company in order to optimally utilise synergies in the future and to guarantee tailor-made service at our sites. Towards the end of last year, the entire "Material Handing" sales division was reorganised in line with the "Portfolio Sales Europe & North America", "Customised Solutions" and "Custom Moulding" sales segments. The reporting is sent directly to the CEO of the CABKA Group. The reorganisation of the COO Group in the last quarter of the reporting year created another central position, responsible for all operating plants. This means that all the key management positions are filled in order to achieve the planned growth plans in the following years. In addition, we made changes to local management teams, partly through filling job vacancies internally in Europe and the US.

In order to enable efficient and effective cross-site coordination of our growth strategies and operations by taking into account company-specific know-how, all Group-wide activities and strategic decisions are still centred at supervisory group level.

For many years, CABKA has actively fostered and driven innovative strength at all our sites. The teams involved in these processes are optimally connected with each other. Expanding our Innovation Centre helps to combine and process the results of all teams in this area, enabling all sites alike to benefit from it. The interactive exchange with all plants takes place continuously in all three core activities: material development, automation and product development. As in the previous year, the challenge in the current year remains the implementation of the targeted projects on time in coordination with the customers and the further development of the more intensive cooperation between the departments through defined processes.

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In order to enable future growth in a financially stable environment for the next few years, CABKA has combined all bilateral credit agreements at its sites into a syndicated loan agreement. The five-year syndication of the credit exposure with an international banking group in 2019 guarantees the CABKA Group considerably increased access to finance. In addition, this ensured cross-border financing flexibility within the Group and drastically reduced handling complexity. The financial resources provided in the syndicated loan agreement is subject to normal market credit terms (covenants), which provide for the observance of certain financial statement figures. Failing to meet these covenants would in principle entitle the creditors to terminate the granted loans. Digital monitoring is taking place during the course of the year with respect to the observance of these covenants to ensure the CABKA Group's financial stability. In addition, no further subsidised loans were used in Europe in the past financial year, and the "COVID stress test" was passed satisfactorily, which is also reflected in the drastic reduction in net debt. For the current year 2021, it is still necessary to prevent the uncertainties resulting from the COVID-19 crisis. At the beginning of 2021, the occurrence of possible scenarios based on the past financial year of COVID-19 was discussed and presented together with the banks. This resulted in an agreement with the banks and a waiver was issued, whereby a violation of covenant criteria due to the COVID crisis will not endanger syndicated financing.

For 2021, we expect greatly increased sales and a substantially improved annual result compared with 2020. The sales performance in the first quarter of 2021 stands at -2.1% compared with the corresponding period in the previous year (pre-COVID) and already significantly exceeds expectations. The short-term annual sales target is to reach the pre-COVID level, in line with the 2019 financial year. The sales trend is supported by numerous high-turnover customer projects with well-known companies in our project pipeline. The measures introduced in the previous year for strict cost and CAPEX control are still strictly observed. Despite a looming improvement in the order situation in the first quarter of 2021 compared with the last three business quarters, the continuing global spread of COVID-19 is still apparent everywhere.

Another current challenge is the global shortage of various raw materials such as metals, wood and aluminium, but also plastics, which in turn leads in part to an enormous increase in the cost of material procurement. This global problem presents CABKA, like many other companies, with great challenges in securing the required quantities of materials at acceptable prices. Counter-measures to safeguard earnings were already initiated at an early stage through continuous monitoring at the end of the past financial year and at the beginning of the current year by means of contractual commitments to material volumes at fixed prices, which extend until the end of the first half of the year. In addition, customer prices have been adjusted to compensate for material

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price increases wherever possible. It remains to be seen to what extent the development of high material prices will continue in the second half of the year.

Development of Subsidiaries

The first quarter of the past financial year developed similarly strongly in the entire Group as in the previous year 2019, despite a further weakening of the economy, particularly in the automotive sector and a further spread of the COVID-19 virus. While Brexit was still the dominant topic in Europe at the beginning of the year, and the significant increase in stock before the Brexit transition period, sales in the USA were also up slightly compared with the same period in the previous year. The spread of COVID-19 into a pandemic, which was declared by the WHO on 11 March 2020, started a downward trend in the order situation. The reluctance to invest in many sectors was a defining factor for the rest of the financial year. CABKA provided for this situation in good time, wherever possible, through initiated cost-saving measures in all Group companies based on assumed losses in sales for the rest of the year. The aim of protecting capital was clearly achieved, as shown by the reduction in the net debt in the Group by around EUR 7 million (-11,2%) in the year of COVID-19.

The business development at our Weira site in Germany reflected the development of the Group. While sales and production output in the first quarter were still at the same level as in the previous year, a decline from the second quarter was observed, which led to a significant reduction in the overall performance compared with the previous year. The measures taken to reduce material, personnel and other fixed costs could only partially compensate for the negative impact on earnings. In addition, the annual result of CABKA GmbH & Co. KG included the not insignificant restructuring costs at the Bad Münstereifel site, such as the costs to close the site, the transport of plants from Eifel to Weira as well as the personnel costs associated with the closure. The decision to merge CABKA GmbH & Co. KG Eifel with CABKA GmbH & Co. KG, Weira was taken at the end of 2019 and was completed during the year with retrospective effect from the effective date of 1 January 2020. The background to the merger was and is the concentration of the "Eco Products" business at one site and therefore the creation of synergies for the future.

CABKA Genthin was able to significantly increase sales in the reporting year due to the increased production capacity at the plant. The demand for "Eco Products" has not been affected by the COVID-19 pandemic. Consistently good production results not only at the plant but also at the sister companies have contributed enormously to the reliability of materials supply. Further optimisation of the plants as well as an increase in output quantities remain the focus in the

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current year. The prevention of fire risks and the safeguarding of occupational safety in all plants continue to be a top priority locally and at top management level.

The reporting year at our Belgian subsidiary, Innova Packaging Systems NV (IPS) in Ieper, was also heavily influenced by the current situation. Considerable sales losses were also recorded here. Nevertheless, due to cost-saving measures initiated at an early stage and the drastic reduction in the material usage rate, a strong increase in earnings was achieved compared with the previous year. The challenges at the site, as in all other plants, included managing production while complying with all the safety measures in the workplace to protect against employees becoming infected with COVID-19. The procurement and coordination of logistics for both the supply of raw materials and the collection of finished products for delivery to customers were made more difficult. The restrictions on some cross-border traffic in Europe have caused delays here. A similar course to Ieper can be observed at our site in Herstal / Belgium (Cabka Belgium NV). While sales here also declined in the past financial year compared with the previous year, the annual result could be increased significantly. In addition to strict cost control, the increased utilisation of machinery by the "Eco Products” division, which led to a reduction in the material usage rate and at the same time to fixed cost coverage, were decisive factors in the increase in earnings.

At CABKA North America (CNA) / St. Louis, sales also declined in the past financial year compared with the previous year, albeit not as significantly as in the two main plants in Germany and Belgium. As in Europe, the production output was based on the sales performance in order to avoid unnecessary capital commitments. Cost-saving measures were also initiated in the USA at an early stage in order to protect earnings as much as possible. Participation in the so-called Paycheck Protection Plan (PPP) also contributed to this. It is a US financing programme in the form of a loan to support companies that are able to continue to employ their workforce despite the COVID-19 crisis. This programme is based on compliance with certain criteria, such as the duration of employment and the level of personnel costs for a certain period from the date of submission of the application. If the criteria are met, the loan fulfilled by CABKA North America must not be repaid. In order to continue to achieve the desired growth targets in the current financial year, it is necessary to soon introduce the advanced product development pipeline for the US market. In order to improve the equity situation, a capital increase of EUR 5.0 million was also implemented in the reporting year.

The restructuring of Group-wide tool management, which began in the previous year and was structurally organised under the function of the Global Tool Performance Manager, was continued in the reporting year. The minority stake in our in-house toolmaking facility System Technik GmbH

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(ST) was acquired in full by CABKA Group GmbH. The new tool building was outsourced to a cooperation partner, located in the Innovation Centre in Spain, who will work in close cooperation with the Product Development department to ensure the timely delivery of new tools in the desired quality at fixed prices in the future. ST continues to coordinate the preventive repair and maintenance of existing tools at the Weira site. The challenge in the current year will be to make the organisation even leaner, aligned with the new range of tasks, which focuses on maintaining tool performance within the Group.

In order to improve the equity situation, a capital increase of EUR 4.5 million was also implemented at Cabka Spain S.L.U. in the reporting year.

Our planning for 2021 as in the previous year mainly earmarks investments in new tools and automation projects at all sites as well as replacement and expansion investments for our US site. On a positive note, the investments already made in recent years and the established asset light strategy mean that no major capacity expansion investments in machinery are necessary until the end of 2022 to achieve our growth targets.

Through assessment measures and the approach of value adjustments and provisions, the company has sufficiently taken into account all discernible risks. Since the extent of the COVID-19 crisis cannot be fully assessed yet, it remains a significant risk. Preventive measures to reduce risks have been taken in many areas and are subject to continuous monitoring.

Berlin, 20 April 2021

Cabka Group GmbH
Managing Directors

Gat Ramon | Tim Litjens

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INDEPENDENT AUDITOR'S REPORT

To the Cabka Group GmbH, Berlin

Audit Opinions

We have audited the consolidated financial statements of Cabka Group GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statement of profit and loss, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of for the financial year from January 1 to December 31, 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Article 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

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Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

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- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart on April 21, 2021

BANSBACH GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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